

JIA WEI LIFESTYLE, INC. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
WITH REPORT OF INDEPENDENT AUDITORS
FOR THE NINE-MONTH PERIODS ENDED
SEPTEMBER 30, 2021 AND 2020

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The reader is advised that these consolidated financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation

Review Report of Independent Auditors

To Jia Wei Lifestyle, Inc.

Introduction

We have audited the accompanying consolidated balance sheets of Jia Wei Lifestyle, Inc. (the “Company”) and its subsidiaries as of September 30, 2021 and 2020, the related consolidated statements of comprehensive income for the three-month and nine-month period ended September 30, 2021 and 2020 and consolidated statements of changes in equity and cash flows for the nine-month periods ended September 30, 2021 and 2020, and notes to the consolidated financial statements, including the summary of significant accounting policies (together “the consolidated financial statements”). Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” as endorsed and became effective by Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

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

Conclusion

Based on our reviews and the review reports of other independent auditors, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Company as of September 30, 2021 and 2020, and its consolidated financial performance for the three-month and nine-month period ended September 30, 2021 and 2020, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

Chen, Cheng-Chu

Lee, Fang-Wen

Ernst & Young, Taiwan

5 November 2021

Notice to Readers

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

Accordingly, the accompanying financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

English translation of Consolidated Financial Statements Originally issued in Chinese

JIA WEI LIFESTYLE, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

30 September 2021, 31 December 2020 and 30 September 2020

(Only reviewed on 30 September 2021 and 2020, not verified in accordance with generally accepted auditing standards)

(Amounts in thousands of New Taiwan Dollars)

Assets	Notes	30 September 2021		31 December 2020		30 September 2020		Liabilities and Equity	Notes	30 September 2021		31 December 2020		30 September 2020	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets								Current liabilities							
Cash and cash equivalents	4,6(1),12	\$305,684	6	\$369,611	8	\$224,045	6	Short-term loans	6(7),12	\$1,110,568	23	\$780,401	17	\$614,647	16
Accounts receivable, net	4,6(2),12	798,118	17	893,791	20	821,182	21	Contract liabilities, current	4,6(12),12	16,242	0	10,552	0	13,263	0
Accounts receivable-related parties, net	4,6(2),7,12	-	-	-	-	4,137	0	Accounts payable	12	167,212	4	136,285	3	129,714	3
Other receivables	12	49,176	1	11,157	0	15,141	0	Other payables	4,6(9),12	644,462	14	900,025	20	1,132,137	30
Current tax assets	4	11,312	0	932	0	929	0	Current tax liabilities	4	6,174	0	6,758	0	7,795	0
Inventories	4,6(3)	1,213,156	26	875,926	19	539,543	14	Provisions	4	22,812	0	16,476	0	12,904	0
Prepayments	4,6(4)	94,746	2	68,357	2	45,240	0	Lease liabilities-Current	4,6(14),12	7,947	0	6,010	0	5,947	0
Other current assets		5	0	8	0	-	-	Current portion of long-term loans	6(8),12	192,257	4	254,332	6	137,271	3
Other financial assets, current	8,12	172,873	4	126,764	3	131,027	4	Advance Receipts	4,6(12)	-	-	7,267	0	1,185	0
Total current assets		2,645,070	56	2,346,546	52	1,781,244	45	Other current liabilities		26,744	1	2,908	1	7,989	0
								Total current liabilities		2,194,418	46	2,121,014	47	2,062,852	52
Non-current assets								Non-current liabilities							
Property, plant and equipment	4,6(5),8	861,615	18	871,236	19	862,684	22	Long-term loans	6(8),12	189,199	4	751,668	17	342,729	10
Right-of-use assets	4,6(14)	73,303	2	76,473	2	77,174	2	Deferred tax liabilities	4	7,896	0	12,864	0	-	-
Intangible assets	4,6(6)	1,058,934	22	1,098,538	25	1,141,631	29	Lease liabilities-Non current	4,6(14),12	14,010	0	16,375	0	17,632	0
Deferred tax assets	4	101,737	2	101,647	2	81,532	2	Total non-current liabilities		211,105	4	780,907	17	360,361	10
Refundable deposits	12	3,595	0	3,333	0	3,389	0	Total liabilities		2,405,523	50	2,901,921	64	2,423,213	62
Other non-current assets		4,814	0	3,038	0	9	0	Equity attributable to the parent company	6(11)						
Total non-current assets		2,103,998	44	2,154,265	48	2,166,419	55	Capital							
								Common stock		803,004	17	723,004	17	723,004	18
								Additional paid-in capital		682,137	15	149,027	3	149,027	4
								Retained earnings							
								Appropriated as legal capital reserve		88,469	2	18,791	0	18,791	0
								Special reserve		15,032	0	-	-	-	-
								Undistributed earnings		794,744	17	723,100	16	675,796	17
								Total retained earnings		898,245	19	741,891	16	694,587	17
								Other equity		(39,841)	(1)	(15,032)	(0)	(42,168)	(1)
								Total equity		2,343,545	50	1,598,890	36	1,524,450	38
Total assets		\$4,749,068	100	\$4,500,811	100	\$3,947,663	100	Total liabilities and equity		\$4,749,068	100	\$4,500,811	100	\$3,947,663	100

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

English translation of Consolidated Financial Statements originally issued in Chinese
JIA WEI LIFESTYLE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the three-month and nine-month periods ended September 30, 2021 and 2020
(Only reviewed, not checked in accordance with generally accepted auditing standards)
(Amounts in thousands of New Taiwan Dollars, except for earnings per share)

Items	Notes	For the three-month periods ended September 30				For the nine-month periods ended September 30			
		2021		2020		2021		2020	
		Amount	%	Amount	%	Amount	%	Amount	%
Operating Revenue	4,6(12),7	\$1,135,603	100	\$1,009,573	100	\$3,626,789	100	\$3,332,519	100
Operating costs	4,6(3),6(15)	(774,730)	(68)	(592,170)	(59)	(2,283,564)	(63)	(1,958,228)	(59)
Gross profit		360,873	32	417,403	41	1,343,225	37	1,374,291	41
Operating expenses	4,6(15)								
Sales and marketing expenses		(171,899)	(15)	(162,394)	(16)	(500,344)	(14)	(463,464)	(14)
General and administrative expenses		(105,640)	(9)	(106,648)	(11)	(277,802)	(8)	(287,706)	(9)
Research and development expenses		(34,548)	(3)	(15,427)	(2)	(86,661)	(3)	(47,088)	(1)
Expected credit impairment (losses) gains	4,6(13)	(1,491)	(0)	15,635	2	(14,163)	(0)	(34,429)	(1)
Subtotal		(313,578)	(27)	(268,834)	(27)	(878,970)	(25)	(832,687)	(25)
Operating income		47,295	5	148,569	14	464,255	12	541,604	16
Non-operating income and expenses	4,6(16)								
Interest income		248	0	69	0	485	0	597	0
Other income		1,692	0	11,104	1	5,946	0	21,315	1
Other gains and (losses)		698	0	(15,878)	(2)	(9,795)	(0)	(15,171)	(0)
Finance costs		(6,239)	(1)	(3,532)	(0)	(20,804)	(0)	(18,408)	(1)
Subtotal		(3,601)	(1)	(8,237)	(1)	(24,168)	(0)	(11,667)	(0)
Income from continuing operations before income tax		43,694	4	140,332	13	440,087	12	529,937	16
Income tax (expense)	4,6(18)	(3,207)	(0)	(8,396)	(1)	(19,837)	(0)	(23,260)	(1)
Profit from continuing operations		40,487	4	131,936	12	420,250	12	506,677	15
Net Income		40,487	4	131,936	12	420,250	12	506,677	15
Other comprehensive income	4,6(17)								
Items that may be reclassified subsequently to profit or loss:									
Exchange differences on translation of foreign operations		(6,072)	(1)	(36,857)	(4)	(29,023)	(1)	(54,246)	(2)
Income tax related to components of other comprehensive income that will be reclassified to profit or loss		4,214	0	-	-	4,214	0	-	-
Other comprehensive income, net of tax		(1,858)	(1)	(36,857)	(4)	(24,809)	(1)	(54,246)	(2)
Total comprehensive income		\$38,629	3	\$95,079	8	\$395,441	11	\$452,431	13
Net income attributable to:									
Stockholders of the parent		\$40,487	4	\$131,936	12	\$420,250	12	\$506,677	15
Non-controlling interests		-	-	-	-	-	-	-	-
		\$40,487	4	\$131,936	12	\$420,250	12	\$506,677	15
Comprehensive income attributable to:									
Stockholders of the parent		\$38,629	3	\$95,079	8	\$395,441	11	\$452,431	13
Non-controlling interests		-	-	-	-	-	-	-	-
		\$38,629	3	\$95,079	8	\$395,441	11	\$452,431	13
Earnings per share (NTD)	6(19)								
Earnings per share-basic		\$0.53		\$1.82		\$5.71		\$7.01	
Earnings per share-diluted		\$0.53		\$1.82		\$5.70		\$6.99	

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

English translation of Consolidated Financial Statements originally issued in Chinese
JIA WEI LIFESTYLE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the nine-month periods ended September 30, 2021 and 2020
(Only reviewed, not checked in accordance with generally accepted auditing standards)
(Amounts in thousands of New Taiwan Dollars)

Items	Equity Attributable to the Parent Company						Total	Total Equity
	Common Stock	Additional Paid-in Capital	Retained Earnings			Other Equity		
			Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Operations		
Balance as of 1 January 2020	\$723,004	\$149,027	-	-	\$187,910	\$12,078	\$1,072,019	\$1,072,019
Appropriation and distribution of 2019 retained earnings:								
Legal reserve	-	-	\$18,791	-	(18,791)	-	-	-
Net income (loss) for the nine-month period ended September 30,2020	-	-	-	-	506,677	-	506,677	506,677
Other comprehensive income (loss) for the nine-month period ended September 30,2020	-	-	-	-	-	(54,246)	(54,246)	(54,246)
Total comprehensive income (loss)	-	-	-	-	506,677	(54,246)	452,431	452,431
Balance as of September 30, 2020	<u>\$723,004</u>	<u>\$149,027</u>	<u>\$18,791</u>	<u>-</u>	<u>\$675,796</u>	<u>(\$42,168)</u>	<u>\$1,524,450</u>	<u>\$1,524,450</u>
Balance as of January 1, 2021	\$723,004	\$149,027	\$18,791	-	\$723,100	(\$15,032)	\$1,598,890	\$1,598,890
Appropriation and distribution of 2020 retained earnings:								
Legal reserve	-	-	69,678	-	(69,678)	-	-	-
Special reserve	-	-	-	\$15,032	(15,032)	-	-	-
Cash dividends	-	-	-	-	(263,896)	-	(263,896)	(263,896)
Share-based payment transaction		5,110	-	-	-	-	5,110	5,110
Net income (loss) for the nine-month period ended September 30,2021	-	-	-	-	420,250	-	420,250	420,250
Other comprehensive income (loss) for the nine-month period ended September 30,2021	-	-	-	-	-	(24,809)	(24,809)	(24,809)
Total comprehensive income (loss)	-	-	-	-	420,250	(24,809)	395,441	395,441
Issuance of common stock for cash	80,000	528,000	-	-	-	-	608,000	608,000
Balance as of September 30, 2021	<u>\$803,004</u>	<u>\$682,137</u>	<u>\$88,469</u>	<u>\$15,032</u>	<u>\$794,744</u>	<u>(\$39,841)</u>	<u>\$2,343,545</u>	<u>\$2,343,545</u>

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

English translation of Consolidated Financial Statements originally issued in Chinese
JIA WEI LIFESTYLE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASHFLOWS
For the nine-month periods ended September 30, 2021 and 2020
(Only reviewed, not checked in accordance with generally accepted auditing standards)
(Amounts in thousands of New Taiwan Dollars, except for earnings per share)

Items	For the nine-month periods ended September 30	
	2021	2020
Cash flows from operating activities:		
Net income before tax	\$440,087	\$529,937
Adjustments to reconcile net income before tax to net cash provided by operating activities:		
Income and expense adjustments :		
Depreciation	48,863	44,975
Amortization	35,579	36,377
Expected credit impairment Loss	14,163	34,429
Interest expense	20,804	18,408
Interest income	(485)	(597)
Share-based payment	5,110	-
Loss on disposal of property, plant and equipment	208	-
Other expenses transferred from Intangible assets	304	7,006
Gain from price recovery of inventory	(15,899)	-
Inventory valuation and obsolescence loss	-	33,215
Changes in operating assets and liabilities:		
Accounts receivable	82,564	(43,703)
Accounts receivable-related parties	-	65,287
Other receivables	(38,014)	21,686
Inventories	(320,418)	363,009
prepayments	(26,389)	6,986
Other current assets	3	2,122
Contract liabilities	5,690	(3,651)
Accounts payable	30,927	(61,753)
Other payables	(76,730)	91,466
Provisions	6,336	7,306
Advance receipts	(7,267)	1,185
Other current liabilities	23,836	(13,614)
Cash generated from operations	<u>229,272</u>	<u>1,140,076</u>
Interest received	480	527
Income tax paid	(31,645)	(21,558)
Net cash provided by operating activities	<u>198,107</u>	<u>1,119,045</u>
Cash flows from investing activities:		
Acquisition of property, plant and equipment	(46,434)	(10,888)
Increase in refundable deposits	(319)	(59)
Acquisition of intangible assets	(1,346)	(1,739)
(Increase) Decrease in other financial assets	(46,109)	37,390
(Increase) Decrease in other noncurrent assets-others	(1,776)	378
(Decrease)Other payables-investment	-	(863,820)
Net cash (used in) investing activities	<u>(95,984)</u>	<u>(838,738)</u>
Cash flows from financing activities:		
Increase in short-term loans	330,167	-
Decrease in short-term loans	-	(591,197)
Increase in long-term loans	582,000	200,000
Repayments of long-term loans	(1,206,544)	-
Cash payments for the principal portion of the lease liability	(4,679)	(4,265)
Cash dividends	(433,802)	-
Issuance of common stock for cash	608,000	-
Interest paid	(20,911)	(19,187)
Net cash (used in) financing activities	<u>(145,769)</u>	<u>(414,649)</u>
Effect of exchange rate changes on cash and cash equivalents	(20,281)	(43,197)
Net (Decrease) in cash and cash equivalents	(63,927)	(177,539)
Cash and cash equivalents at beginning of year	<u>369,611</u>	<u>401,584</u>
Cash and cash equivalents at end of year	<u>\$305,684</u>	<u>\$224,045</u>

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

English Translation of Financial Statements Originally Issued in Chinese

JIA WEI LIFESTYLE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2021 and 2020

(Amounts in thousands of New Taiwan Dollars unless otherwise Stated)

1. History and organization

Jia Wei Lifestyle, Inc. (the Company) was incorporated on 21 April 2005. The main activities are manufacturing and selling optical products. The Company's common shares were publicly listed on the Taipei Exchange (TPEX) on 17 February 2008. Due to business needs, its registered office and the main business location were moved to the 14F.-4, No. 296, Sec. 4, Xinyi Rd., Da'an Dist., Taipei City 106, Taiwan (R.O.C.) on 14 August 2019, it was approved that the company name was changed to Jia Wei Lifestyle, Inc by the Ministry of Economy Letter on 5 November 2019. The main business project is the design, development, manufacturing and sales of household products.

2. Date and procedures of authorization of financial statements for issue

The consolidated financial statements of the Company and its subsidiaries ("the Group") for the years nine-month periods ended September, 2021 and 2020 were authorized for issue in accordance with a resolution of the Board of Directors' meeting on 5 November 2021.

3. Newly issued or revised standards and interpretations

- (1) Changes in accounting policies resulting from applying for the first time certain standards and amendments

The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after 1 January 2021. Apart from the nature and impact of the new standard and amendment is described below, the remaining new standards and amendments had no material impact on the Group.

- (2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are endorsed by FSC, but not yet adopted by the Group as at the end of the reporting period are listed below.

Item	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	Narrow-scope amendments of IFRS, including Amendments to IFRS 3, Amendments to IAS 16, Amendments to IAS 37 and the Annual Improvements	1 January 2022

- (a) Narrow-scope amendments of IFRS, including Amendments to IFRS 3, Amendments to IAS 16, Amendments to IAS 37 and the Annual Improvements

- A. **Updating a Reference to the Conceptual Framework (Amendments to IFRS 3)**
The amendments updated IFRS 3 by replacing a reference to an old version of the Conceptual Framework for Financial Reporting with a reference to the latest version, which was issued in March 2018. The amendments also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential “day 2” gains or losses arising for liabilities and contingent liabilities. Besides, the amendments clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Conceptual Framework.
- B. **Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)**
The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
- C. **Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)**
The amendments clarify what costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.
- D. **Annual Improvements to IFRS Standards 2018 - 2020**

Amendment to IFRS 1

The amendment simplifies the application of IFRS 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.

Amendment to IFRS 9 Financial Instruments

The amendment clarifies the fees a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

Amendment to Illustrative Examples Accompanying IFRS 16 Leases

The amendment to Illustrative Example 13 accompanying IFRS 16 modifies the treatment of lease incentives relating to lessee’s leasehold improvements.

Amendment to IAS 41

The amendment removes a requirement to exclude cash flows from taxation when measuring fair value thereby aligning the fair value measurement requirements in IAS 41 with those in other IFRS Standards.

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after 1 January 2022. The remaining new or amended standards and interpretations have no material impact on the Group.

- (3) Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Group as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 “Insurance Contracts”	1 January 2023
c	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2023
d	Disclosure Initiative - Accounting Policies – Amendments to IAS 1	1 January 2023
e	Definition of Accounting Estimates – Amendments to IAS 8	1 January 2023
f	Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	1 January 2023

- (a) IFRS 10“Consolidated Financial Statements” and IAS 28“Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures*, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors’ interests in the associate or joint venture.

(b) IFRS 17 “Insurance Contracts”

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and it was amended in June 2020. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after 1 January 2023 (from the original effective date of 1 January 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after 1 January 2023.

(c) Classification of Liabilities as Current or Non-current – Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

(d) Disclosure Initiative - Accounting Policies – Amendments to IAS 1

The amendments improve accounting policy disclosures that to provide more useful information to investors and other primary users of the financial statements.

(e) Definition of Accounting Estimates – Amendments to IAS 8

The amendments introduce the definition of accounting estimates and included other amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to help companies distinguish changes in accounting estimates from changes in accounting policies.

(f) Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Group's financial statements were authorized for issue, the local effective dates are to be determined by FSC. The remaining new or amended standards and interpretations have no material impact on the Group.

4. Summary of significant accounting policies

(1) Statement of compliance

The consolidated financial statements of the Group for the nine-month periods ended September 30, 2021 and 2020 have been prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers (“the Regulations”) and IAS34 “Interim Financial Reporting” which is endorsed and become effective by FSC.

(2) Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are expressed in thousands of New Taiwan Dollars (“NT\$”) unless otherwise stated.

(3) Basis of consolidation

Preparation principle of consolidated financial statements

Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Company controls an investee if and only if the Company has:

- i. power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- ii. exposure, or rights, to variable returns from its involvement with the investee, and
- iii. the ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee
- (b) rights arising from other contractual arrangements
- (c) the Group's voting rights and potential voting rights

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using uniform accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Total comprehensive income of the subsidiaries is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

If the Company loses control of a subsidiary, it:

- (a) derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- (b) derecognizes the carrying amount of any non-controlling interest;
- (c) recognizes the fair value of the consideration received;
- (d) recognizes the fair value of any investment retained;
- (e) recognizes any surplus or deficit in profit or loss; and
- (f) reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss.

The consolidated entities are listed as follows:

Investor	Subsidiary	Main businesses	Percentage of ownership (%)		
			30 Sep 2021	31 Dec 2020	30 Sep 2020
The Company	Gamma Optical Investment (Samoa) Co., Ltd. (GOI)	Investment holding	— (Note 1)	100%	100%
The Company	Achieve Goal Limited (AG)	Investment holding	(Note 2)	(Note 2)	100% (Note 2)
The Company	Golden Star Ocean Ltd (GS)	Investment holding	100% (Note 3)	100% (Note 3)	100% (Note 3)
The Company	Freshlink Product Development, LLC DBA PREPARA (PREPARA)	Design, development and sales of household products	100% (Note 4)	100% (Note 4)	100% (Note 4)
The Company	First Design Global, Inc (FDG)	International trade	99.59% (note 5)	99.59% (note 5)	99.59% (note 5)
AG	Tzehg Shyng Plastic Product (Heyuan) Co., Ltd. (TSP)	Design and production of household products	100% (Note 2)	100% (Note 2)	100% (Note 2)
AG	Zhengxin Melamine Products (Heyuan) Co., Ltd. (TSM)	Design and production of household products	100% (Note 2)	100% (Note 2)	100% (Note 2)
GS	TZENG SHYNG Industries Corporation. (Seychelles) (TZ)	International trade	100% (Note 3)	100% (Note 3)	100% (Note 3)
GS	Widely Watched Limited	Design and international trade	100% (Note 3)	100% (Note 3)	100% (Note 3)
GS	Bright Wing Global CO., LTD	International trade	100% (Note 3)	100% (Note 3)	100% (Note 3)
GS	First Design Global, Inc	International trade	0.41% (Note 3)	0.41% (Note 3)	0.41% (Note 3)

Note : The company acquired Golden Star Ocean Ltd and Achieve Goal Limited through an investment agreement on 5 June 2019 and acquired 100% equity of Freshlink Product Development, LLC DBA PREPARA through an investment agreement on 18 July 2019. By investment agreement was controlled on 1 August 2019, so it was included in the consolidated entity and the Golden Star Ocean Ltd. and Achieve Goal Limited 100% owned subsidiaries are also included in the consolidated entity.

Note 1: The company has completed the liquidation and dissolution procedures on 7 September 2021.

- Note 2: The company adjusted its operating strategy and acquired the 100% equity of Achieve Goal Limited held by Golden Fame Co., Ltd. from Golden Fame Co., Ltd. on 17 April 2019 by the board of directors and on 28 May 2019 by shareholders' meeting. An investment agreement was signed for an acquisition contract on 5 June 2019, and the transaction amount was not higher than USD 23,600 thousand. The company approved the amount of USD 9,600 thousand according to the investment review committee of the Ministry of Economic Affairs. As of 6 October 2021, the Company has remitted USD 23,600 thousand. And the shares were transited 41%, The remaining 59% of the shares are being transferred. However, there is a contractual agreement between the company and other shares holders. According to the contract agreement, as of 1 August 2019, the company has the current ability to direct relevant activities and has the relevant right to control, so it enjoys the rights and obligations of 100% equity.
- Note 3: The company adjusted its operating strategy and acquired its 100% equity interest in Golden Star Ocean Ltd. from Lucky Star Worldwide Ltd. on 17 April 2019 by the board of directors and on 28 May 2019 by shareholders' meeting on 5 June 2019, an investment agreement was signed for an acquisition contract, and the transaction amount was not higher than USD 57,000 thousand; in addition, on 15 October 2019 the price adjustment mechanism was started to reduce the purchase price to USD 48,500 thousand. It is equivalent to NT \$ 1,484,100 thousand). As of 31 December 2020, the Company had paid 1,484,100 thousand in accordance with the contract. And the shares were transited 100%.
- Note 4: The company adjusted its operating strategy and acquired the 100% equity of Freshlink Product Development LLC. on 3 July 2019 by the board of directors and an investment agreement was signed for an acquisition contract, the transaction amount was USD 3,500 thousand, the shares were transited on 26 July 2019, and the amount was paid. Since 2019, a cash capital increase of US\$6,500 thousand. As of 30 September 2021, the board of directors has authorized and completed a cash capital increase of US\$6,100 thousand.
- Note 5: Due to the need for the operation and improvement of the financial structure of First Design Global, Inc., the board of directors of the Company authorized cash capital increase of USD2,000 thousand on 12 August 2020 and the amount was paid.

(4) Foreign currency transactions

The Group's consolidated financial statements are presented in NT\$, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

- (a) Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
- (b) Foreign currency items within the scope of IFRS 9 Financial Instruments are accounted for based on the accounting policy for financial instruments.
- (c) Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(5) Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into NT\$ at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. The following partial disposals are accounted for as disposals:

- (a) when the partial disposal involves the loss of control of a subsidiary that includes a foreign operation; and
- (b) when the retained interest after the partial disposal of an interest in a joint arrangement or a partial disposal of an interest in an associate that includes a foreign operation is a financial asset that includes a foreign operation.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or joint arrangement that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

(6) Current and non-current distinction

An asset is classified as current when:

- (a) The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle
- (b) The Group holds the asset primarily for the purpose of trading
- (c) The Group expects to realize the asset within twelve months after the reporting period
- (d) The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- (a) The Group expects to settle the liability in its normal operating cycle
- (b) The Group holds the liability primarily for the purpose of trading
- (c) The liability is due to be settled within twelve months after the reporting period
- (d) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

(7) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term, highly liquid time deposits (including ones that have maturity within 12 months) or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(8) Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities within the scope of IFRS 9 Financial Instruments are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

i. Financial instruments: Recognition and Measurement

The Group accounts for regular way purchase or sales of financial assets on the trade date.

The Group classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

- A. the Group's business model for managing the financial assets and
- B. the contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, trade receivables financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

- (a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognise the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

- (a) purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
- (b) financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

- (a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

- (a) A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
- (b) When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
- (c) Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:
 - (i) Purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
 - (ii) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Group made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represents a recovery of part of the cost of investment.

Financial asset measured at fair value through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

ii. Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the statement of financial position.

The Group measures expected credit losses of a financial instrument in a way that reflects:

- (a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- (b) the time value of money; and
- (c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measures as follow:

- A. At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Group measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
- B. At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
- C. For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.
- D. For lease receivables arising from transactions within the scope of IFRS 16 (before 1 January 2019: IAS 17), the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Group needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

iii. Derecognition of financial assets

A financial asset is derecognized when:

- (a) The rights to receive cash flows from the asset have expired
- (b) The Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred
- (c) The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

iv. Financial liabilities and equity

Classification between liabilities or equity

The Group classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Compound instruments

The Group evaluates the terms of the convertible bonds issued to determine whether it contains both a liability and an equity component. Furthermore, the Group assesses if the economic characteristics and risks of the put and call options contained in the convertible bonds are closely related to the economic characteristics and risk of the host contract before separating the equity element.

For the liability component excluding the derivatives, its fair value is determined based on the rate of interest applied at that time by the market to instruments of comparable credit status. The liability component is classified as a financial liability measured at amortized cost before the instrument is converted or settled.

For the embedded derivative that is not closely related to the host contract (for example, if the exercise price of the embedded call or put option is not approximately equal on each exercise date to the amortized cost of the host debt instrument), it is classified as a liability component and subsequently measured at fair value through profit or loss unless it qualifies for an equity component. The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component. Its carrying amount is not remeasured in the subsequent accounting periods. If the convertible bond issued does not have an equity component, it is accounted for as a hybrid instrument in accordance with the requirements under IFRS 9 Financial Instruments.

Transaction costs are apportioned between the liability and equity components of the convertible bond based on the allocation of proceeds to the liability and equity components when the instruments are initially recognized.

On conversion of a convertible bond before maturity, the carrying amount of the liability component being the amortized cost at the date of conversion is transferred to equity.

Financial liabilities

Financial liabilities within the scope of IFRS 9 Financial Instruments are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as at fair value through profit or loss. A financial liability is classified as held for trading if:

- i. it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- ii. on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- iii. it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

- i. it eliminates or significantly reduces a measurement or recognition inconsistency; or
- ii. a group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

v. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(9) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (a) In the principal market for the asset or liability, or
- (b) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(10) Inventories

Inventories are valued at lower of cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Raw materials – Purchase cost on average basis.

Finished goods and work in progress – Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(11) Non-current assets for sale

Non-current assets or disposal groups to be sold refer to those who can be sold immediately under general conditions and business practices under current circumstances, and are highly likely to complete the sale within one year. Non-current assets classified as for sale and the disposal group are measured by the lower of the carrying amount and fair value less the disposal cost.

Once real estate, plant and equipment and intangible assets are attributed to be sold, they will no longer be depreciated or amortized.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortized.

(12) Investments accounted for using the equity method

The Group's investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Group has significant influence. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture.

Under the equity method, the investment in the associate or an investment in a joint venture is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate or joint venture. After the interest in the associate or joint venture is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the Group's related interest in the associate or joint venture.

When changes in the net assets of an associate or a joint venture occur and not those that are recognized in profit or loss or other comprehensive income and do not affect the Group's percentage of ownership interests in the associate or joint venture, the Group recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate or joint venture on a prorata basis.

When the associate or joint venture issues new stock, and the Group's interest in an associate or a joint venture is reduced or increased as the Group fails to acquire shares newly issued in the associate or joint venture proportionately to its original ownership interest, the increase or decrease in the interest in the associate or joint venture is recognized in Additional Paid in Capital and Investment accounted for using the equity method. When the interest in the

associate or joint venture is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Group disposes the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate or an investment in a joint venture is impaired in accordance with IAS 28 Investments in Associates and Joint Ventures (before 1 January 2019: IAS 39 Financial Instruments: Recognition and Measurement). If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 Impairment of Assets. In determining the value in use of the investment, the Group estimates:

- (1) Its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or
- (2) The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate or an investment in a joint venture is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 Impairment of Assets.

Upon loss of significant influence over the associate or joint venture, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss. Furthermore, if an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the entity continues to apply the equity method and does not remeasure the retained interest.

(13) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such costs include the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 Property, plant and equipment. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	6~35 years
Machinery and Equipment	5~12 years
Molding Equipment	3~6 years
Right-of-use assets/leased assets (Note)	1~20 years
Other Facilities	3~50 years
Leasehold Improvements	the shorter one of the useful life or lease term

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

(14) Leases

The Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether the contract, throughout the period of use, has both of the following:

- A. the right to obtain substantially all of the economic benefits from use of the identified asset; and
- B. the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Group for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Group estimates the stand-alone price, maximising the use of observable information.

Group as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Group recognizes right-of-use asset and lease liability for all leases which the Group is the lessee of those lease contracts.

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- A. fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- B. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- C. amounts expected to be payable by the lessee under residual value guarantees;
- D. the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- E. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Group measures the lease liability on an amortised cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Group measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

- (a) the amount of the initial measurement of the lease liability;
- (b) any lease payments made at or before the commencement date, less any lease incentives received;
- (c) any initial direct costs incurred by the lessee; and
- (d) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Group measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Group accounted for as short-term leases or leases of low-value assets, the Group presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements comprehensive income.

For short-term leases or leases of low-value assets, the Group elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

Group as a lessor

At inception of a contract, the Group classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Group recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Group allocates the consideration in the contract applying IFRS 15.

The Group recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

(15) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditures are reflected in profit or loss for the year in which the expenditures are incurred.

The useful lives of intangible assets are assessed as finite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least once at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with a non-determined useful life are not amortized, but impairment tests are conducted at the level of individual assets or cash-generating units in each year. Intangible assets with indefinite useful life are assessed in each period whether there are events and circumstances that continue to support that the asset's useful life is still indefinite. If the service life is changed from non-determined to limited service life, the application will be postponed. Gains or losses arising from derecognition of an intangible asset are recognized in profit or loss.

The profit or loss arising from the delisting of intangible assets is recognized as profit or loss.

patent

The patent right has been granted by the relevant government agency for a ten-year period.

The accounting policies of the Group's intangible assets are summarized as follows:

Category	Patent	Computer software	Customer relations	Human Resources	Other
Finite lives	8~10 years	3~5 years	11 years	3 years	3~5 years
Amortization method	straight-line basis	straight-line basis	straight-line basis	straight-line basis	straight-line basis
Internally generated or externally acquired	Acquired by mergers and acquisitions	Externally acquired	Acquired by mergers and acquisitions	Acquired by mergers and acquisitions	Externally acquired

(16) Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 Impairment of Assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

A cash generating unit, or groups of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units), then to the other assets of the unit (group of units) pro rata on the basis of the carrying amount of each asset in the unit (group of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(17) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probably that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

(18) Revenue recognition

The Group's revenue arising from contracts with customers are primarily related to sale of goods and rendering of services. The accounting policies are explained as follow:

Sale of goods

The Group manufactures and sells products. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. The main product of the Group is household products and revenue is recognized based on the consideration stated in the contract.

The Group provides its customer with a warranty with the purchase of the products. The warranty provides assurance that the product will operate as expected by the customers. And the warranty is accounted in accordance with IAS 37.

The credit period of the Group's sale of goods is from 15 to 165 days. For all of the contracts, when the Group transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The Group usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contract. However, for some rendering of services contracts, part of the consideration was received from customers upon signing the contract, and the Group has the obligation to provide the services subsequently; accordingly, these amounts are recognized as contract liabilities. The period between the transfers of contract liabilities to revenue is usually within one year, thus, no significant financing component is arised.

(19) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(20) Post-employment benefits

All regular employees of the Company and its domestic subsidiaries are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company and its domestic subsidiaries. Therefore fund assets are not included in the Group's consolidated financial statements. Pension benefits for employees of the overseas subsidiaries and the branches are provided in accordance with the respective local regulations.

For the defined contribution plan, the Company and its domestic subsidiaries will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due. Overseas subsidiaries and branches make contribution to the plan based on the requirements of local regulations.

(21) Income taxes

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- i. where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

- ii. in respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- i. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- ii. In respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

The income tax expenses in the interim period will be accrued and disclosed at the tax rate applicable to the expected total surplus of the current year, which means that the estimated annual average effective tax rate will be applied to the pre-tax benefits in the interim period.

(22) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred, the identifiable assets acquired and liabilities assumed are measured at acquisition date fair value. For each business combination, the acquirer measures any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are accounted for as expenses in the periods in which the costs are incurred and are classified under administrative expenses.

When the Group acquires a business, it assesses the assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at the acquisition-date fair value. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognized in accordance with IFRS 9 Financial Instruments either in profit or loss or as a change to other comprehensive income. However, if the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured as the amount of the excess of the aggregate of the consideration transferred and the non-controlling interest over the net fair value of the identifiable assets acquired and the liabilities assumed. If this aggregate is lower than the fair value of the net assets acquired, the difference is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purpose and is not larger than an operating segment before aggregation.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation. Goodwill disposed of in this circumstance is measured based on the relative recoverable amounts of the operation disposed of and the portion of the cash-generating unit retained.

5. Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(1) Inventories

Estimates of net realisable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note 6 for more details.

(2) Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group company's domicile.

Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies.

(3) Accounts receivables—estimation of impairment loss

The Group estimates the impairment loss of accounts receivables at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise.

(4) Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date less incremental costs that would be directly attributable to the disposal of the asset or cash generating unit. The value in use calculation is based on a discounted cash flow model. The cash flows projections are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

6. Contents of significant accounts

(1) Cash and cash equivalents

	<u>30 Sep 2021</u>	<u>31 Dec 2020</u>	<u>30 Sep 2020</u>
Cash on hand	\$1,024	\$1,243	\$1,117
Checking and saving accounts	297,410	368,368	222,928
Deposit account	7,250	-	-
Total	<u>\$305,684</u>	<u>\$369,611</u>	<u>\$224,045</u>

(2) Accounts receivable, net

A.

	<u>30 Sep 2021</u>	<u>31 Dec 2020</u>	<u>30 Sep 2020</u>
Account receivables	\$873,011	\$970,788	\$923,151
Less: loss allowance	(74,893)	(76,997)	(101,969)
Subtotal	<u>\$798,118</u>	<u>\$893,791</u>	<u>821,182</u>
Accounts receivable-related parties	-	-	4,137
Total	<u>\$798,118</u>	<u>\$893,791</u>	<u>\$825,319</u>

B. Accounts receivables were not pledged.

C. The Group assesses impairment in accordance with International Financial Reporting Standards No. 9 requirements. For information about allowance for loss, please refer to Note 6.(13) For information on credit risk, please refer to Note 12.

(3) Inventories

A.

	<u>30 Sep 2021</u>	<u>31 Dec 2020</u>	<u>30 Sep 2020</u>
Commodity	-	\$27,571	\$21,053
Work in progress	\$272,874	275,676	174,827
Finished goods	572,928	277,438	153,314
Raw Materials and supplies(including in transit)	367,354	295,241	190,349
Total	<u>\$1,213,156</u>	<u>\$875,926</u>	<u>\$539,543</u>

B. For the three-month periods ended September 30, 2021 and 2020, the Company recognized \$774,730 thousand and \$592,170 thousand, respectively, in operating cost.

C. For the nine-month periods ended September 30, 2021 and 2020, the Company recognized \$2,283,564 thousand and \$1,958,228 thousand, respectively, in operating cost.

D. For the nine-month periods ended September 30, 2021 and 2020, the Company due to sale and use recognized the gain from price recovery of inventory are \$15,899 thousand and inventory falling price loss are \$33,215 thousand, respectively.

E. No inventories were pledged.

(4) Prepayments

A.

	<u>30 Sep 2021</u>	<u>31 Dec 2020</u>	<u>30 Sep 2020</u>
Advance payment	\$42,934	\$34,544	\$11,309
Overpaid Vat	28,226	15,093	14,207
Other	23,586	18,720	19,724
Total	<u>\$94,746</u>	<u>\$68,357</u>	<u>\$45,240</u>

(5) Property, plant and equipment

	Buildings	Machinery and equipment	Office equipment	Other facilities	Lease improvement	Construction in progress and equipment awaiting examination	Total
As of 1 Jan 2021	\$688,855	\$231,865	\$1,654	\$35,983	\$13,413	-	\$971,770
Additions	-	45,406	-	140	-	\$888	46,434
Disposals	-	(255)	-	-	-	-	(255)
Transfer	-	-	-	-	888	(888)	-
Exchange differences	(11,135)	(3,749)	(16)	(431)	(1)	-	(15,332)
As of 30 Sep 2021	\$677,720	\$273,267	\$1,638	\$35,692	\$14,300	-	\$1,002,617
As of 1 Jan 2020	\$678,229	\$215,291	\$1,639	\$35,186	\$13,287	-	\$943,632
Additions	-	9,300	-	1,145	-	\$443	10,888
Transfer	-	-	-	-	129	(129)	-
Exchange differences	(3,853)	(1,223)	(5)	(525)	(2)	-	(5,608)
As of 30 Sep 2020	\$674,376	\$223,368	\$1,634	\$35,806	\$13,414	\$314	\$948,912
Depreciation and impairment:							
As of 1 Jan 2021	\$38,595	\$28,293	\$1,050	\$27,846	\$4,750	-	\$100,534
Depreciation	20,277	18,031	296	1,499	2,208	-	42,311
Impairment	-	-	-	-	-	-	-
Disposals	-	(47)	-	-	-	-	(47)
Transfer	-	-	-	-	-	-	-
Exchange differences	(799)	(612)	(13)	(371)	(1)	-	(1,796)
As of 30 Sep 2021	\$58,073	\$45,665	\$1,333	\$28,974	\$6,957	-	\$141,002

	Buildings	Machinery and equipment	Office equipment	Other facilities	Lease improvement	Construction in progress and equipment awaiting examination	Total
As of 1 Jan 2020	\$11,176	\$7,768	\$455	\$26,869	\$1,832	-	\$48,100
Depreciation	19,954	14,762	435	1,296	2,190	-	38,637
Impairment	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Transfer	-	-	-	-	-	-	-
Exchange differences	(14)	(8)	-	(485)	(2)	-	(509)
As of 30 Sep 2020	\$31,116	\$22,522	\$890	\$27,680	\$4,020	-	\$86,228
Net Carrying amount as of							
As of 30 Sep 2021	\$619,647	\$227,602	\$305	\$6,718	\$7,343	-	\$861,615
As of 31 Dec 2020	\$650,260	\$203,572	\$604	\$8,137	\$8,663	-	\$871,236
As of 30 Sep 2020	\$643,260	\$200,846	\$744	\$8,126	\$9,394	\$314	\$862,684

The Group mortgaged property, plant and equipment. Please refer to Note 8 for more details.

(6) Intangible assets

	Patents	Computer software	Customer relations	Human Resources	Goodwill	Other intangible assets	Total
Cost:							
As of 1 Jan 2021	\$61,059	\$19,695	\$208,474	\$71,513	\$845,283	\$23,397	\$1,229,421
Additions	-	-	-	-	-	1,346	1,346
Exchange differences	(1,012)	(171)	(4,612)	(1,155)	-	(376)	(7,326)
As of 30 Sep 2021	\$60,047	\$19,524	\$203,862	\$70,358	\$845,283	\$24,367	\$1,223,441
As of 1 Jan 2020	\$63,468	\$17,719	\$219,454	\$70,410	\$845,283	\$22,665	\$1,238,999
Additions	-	1,367	-	-	-	372	1,739
Exchange differences	(1,413)	(53)	(6,441)	(399)	-	(128)	(8,434)
As of 30 Sep 2020	\$62,055	\$19,033	\$213,013	\$70,011	\$845,283	\$22,909	\$1,232,304
Amortization and impairment:							
As of 1 Jan 2021	\$34,383	\$13,773	\$26,849	\$33,770	-	\$22,108	\$130,883
Amortization	2,293	1,175	13,985	17,742	-	384	35,579
Other changes	-	112	-	-	-	192	304
Exchange differences	(436)	(86)	(679)	(698)	-	(360)	(2,259)
As of 30 Sep 2021	\$36,240	\$14,974	\$40,155	\$50,814	-	\$22,324	\$164,507
As of 1 Jan 2020	\$17,326	\$9,736	\$8,313	\$9,780	-	\$2,879	\$48,034
Amortization	3,588	415	14,869	17,460	-	45	36,377
Other changes	-	1,298	-	-	-	5,708	7,006
Exchange differences	(142)	1	(589)	(12)	-	(2)	(744)
As of 30 Sep 2020	\$20,772	\$11,450	\$22,593	\$27,228	-	\$8,630	\$90,673
Net carrying amount as at:							
30 Sep 2021	\$23,807	\$4,550	\$163,707	\$19,544	\$845,283	\$2,043	\$1,058,934
31 Dec 2020	\$26,676	\$5,922	\$181,625	\$37,743	\$845,283	\$1,289	\$1,098,538
30 Sep 2020	\$41,283	\$7,583	\$190,420	\$42,783	\$845,283	\$14,279	\$1,141,631

Mortization expense of intangible assets under the statement of comprehensive income:

	For the three-month periods ended Sep 30		For the nine-month periods ended Sep 30	
	2021	2020	2021	2020
Operating costs	\$4,701	\$4,658	\$14,194	\$13,968
Operating expenses	\$7,098	\$7,387	\$21,385	\$22,409

(7) Short-term borrowings

A.

	<u>30 Sep 2021</u>	<u>31 Dec 2020</u>	<u>30 Sep 2020</u>
Purchase loan	\$242,489	\$393,679	\$125,747
Unsecured loans	478,500	364,800	488,900
Secured loan	389,579	21,922	-
Total	<u>\$1,110,568</u>	<u>\$780,401</u>	<u>\$614,647</u>

	<u>30 Sep 2021</u>	<u>31 Dec 2020</u>	<u>30 Sep 2020</u>
Interest rates applied	0.84%-1.13%	1.10% -1.63%	0.95%~1.67%
Due date	2021.10.5~2022.3.22	2021.01.12~2021.06.23	2020.12.22~2021.3.29

B. The Group's unused short-term lines of credits amounted to \$1,343,465 thousand and \$740,690 thousand as of 30 September 2021 and 30 September 2020.

C. Short-term loans are guaranteed by fixed deposit receipts and deposits from reserving households. Please refer to Note 8 for guarantees

(8) Long-term borrowings

	<u>30 Sep 2021</u>	<u>Interest rate(%)</u>	<u>Redemption</u>
Unsecured Long-Term Loan from Taipei Fubon Bank	\$260,000	1.46% ~1.88%	Effective 11 January 2021 to 11 January 2023, interest is paid on a monthly basis. Repayment of principal of \$40,000 thousand and \$22,600 thousand on 30 June and 11 October 2021. After that, the principal is amortized at \$39,992 thousand each quarter, and the balance is repaid by the due date.
Unsecured Long-Term Loan from Taichung Commercial Bank	121,456	1.65%	Effective 5 February 2021 to 5 February 2024, the principal and interest are repaid in 36 installments, and the principal and interest are amortized at \$4,283 thousand each month.
Subtotal	<u>381,456</u>		
Less: Due within one year	<u>(192,257)</u>		
Total	<u>\$189,199</u>		

	31 Dec 2020	Interest rate(%)	Redemption
Unsecured Long-Term Loan from Taiwan Shin Kong Bank	\$90,000	1.781%	Effective 7 November 2019 to 7 November 2023. Four-year loan: interest-only payment for the first year. The principal is repaid in 36 monthly and interest is paid monthly.
Unsecured Long-Term Loan from Taiwan E.SUN Bank	168,000	1.8%	Effective 3 July 2020 to 3 July 2023. three-year loan: Interest is paid monthly, the principal is amortized at \$16,000 thousand each quarter, and the balance is repaid by the due date.
Unsecured Long-Term Loan from Taiwan E.SUN Bank	448,000	1.8%	Effective 18 December,2020 to 18 December,2023. three-year loan: Interest is paid monthly, the principal is amortized at \$19,000 thousand each quarter, and the balance is repaid by the due date.
Unsecured Long-Term Loan from Bank SinoPac	300,000	1.315%	Effective 6 October 2020 to 6 October 2023, 3-month period, the principal is amortized in 12 installments.
Subtotal	<u>1,006,000</u>		
Less: Due within one year	<u>(254,332)</u>		
Total	<u><u>\$751,668</u></u>		

	30 Sep 2020	Interest rate(%)	Redemption
Unsecured Long-Term Loan from Taiwan Shin Kong Bank	\$140,000	1.78%	Effective 7 November 2019 to 7 November 2023. Four-year loan: interest-only payment for the first year. The principal is repaid in 36 monthly and interest is paid monthly.
Unsecured Long-Term Loan from Taiwan Shin Kong Bank	140,000	1.78%	Effective 20 December 2019 to 7 November 2023. Interest-only payment for the first year. The principal is repaid in 35 monthly and interest is paid monthly.
Unsecured Long-Term Loan from Taiwan E.SUN Bank	200,000	1.8%	Effective 3 July ,2020 to 3 July ,2023. three-year loan: Interest is paid monthly, the principal is amortized at \$16,000 thousand each quarter, and the balance is repaid by the due date.
Subtotal	<u>480,000</u>		
Less: Due within one year	<u>(137,271)</u>		
Total	<u><u>\$342,729</u></u>		

Long-term borrowings are secured by certificates of deposits and deposits from the compensating account. Please refer to Note 8 for the guarantee status.

(9) Other payable

	30 Sep 2021	31 Dec 2020	30 Sep 2020
Accrued Investment (Note)	\$389,900	\$398,720	\$808,488
Salary and wages payable	50,964	59,117	84,882
Accrued employee compensation and director remuneration	50,214	62,781	44,092
Other accrued expenses	105,383	165,556	176,325
Dividend payable	-	169,906	-
Other payables-other	48,001	43,945	18,350
Total	\$644,462	\$900,025	\$1,132,137

(Note)The accrued investment was arising from the acquisition of Golden Star Ocean Ltd. and Achieve Goal Limited.

(10) Post-employment benefits

Defined contribution plan

For the three-month periods ended 30 September 2021 and 2020, the amount of Expenses under the defined contribution plan are \$7,253 thousand and \$645 thousand, respectively. Expenses under the defined contribution plan for the nine-month periods ended 30 September 2021 and 2020 are \$18,815 thousand and 3,297 thousand, respectively.

Short-term for paid leave liability

As of 30 September 2021,31 December 2020 and 30 September 2020, the accrued liabilities for paid leave were \$2,436 thousand,1,878 thousand and \$1,607 thousand, respectively, which were recognized in other payables.

(11) Equities

I. Common stock

- A. On 19 June 2019, the company used private equity to issue cash capital increase 14,975 thousand new shares, with a nominal value of \$10 per share, issued at a premium of \$19.624 per share, and paid-in capital of \$149,750 thousand. On 19 June 2019 is the base date for capital increase. As of 30 September 2021, the change registration has been completed.The equity obligations of private placement new shares are the same as those of ordinary shares already issued.However, in accordance with the provisions of the Securities Exchange Law, privately-raised ordinary shares may not be freely transferred within three years after issuance
- B. In order to improve the financial structure of the company, on 28 May 2019, the shareholders' meeting approved a capital reduction of \$200,000 thousand to make up for the loss. The capital reduction ratio was 21.668375%.In addition, the Financial Supervision and Administration Commission of the Executive Yuan declared the entry into force on 7 November 2019, and the new share replacement was completed on 20 January 2020.

- C. On 12 March 2021 and 18 June 2021, the company's board of directors resolved to increase capital by cash and issue 8,000 thousand shares, with a par value of \$10 per share and issue at \$76 per share. The base date for capital increase is 19 August 2021, the capital all received on 7 October 2021, and the change registration has been completed.
- D. As of 30 September 2021 and 30 September 2020, the company's rated share capital was \$2,050,000 thousand, with a par value of \$10 per share, divided into 205,000 thousand shares, and issued shares were 80,300 thousand shares (including 11,730 thousand shares of private equity) and the issued ordinary shares were 72,300 thousand shares (including 38,165 thousand shares of private equity), respectively. All outstanding stock have been paid, and each share has one voting right and the right to receive dividends.

II. Additional paid-in capital

	30 Sep 2021	31 Dec 2020	30 Sep 2020
Share premium	\$672,119	\$144,119	\$144,119
Invalidation of share options of convertible bonds	4,908	4,908	4,908
Employee stock option	5,110	-	-
Total	<u>\$682,137</u>	<u>\$149,027</u>	<u>\$149,027</u>

According to the Company Act, the capital reserve shall not be used except for making good the deficit of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

III. Retained earnings and dividend policies

The company's shareholders' meeting held on April 23, 2021 passed a resolution to amend the company's articles of association. After the amendment, the surplus distribution can be made after the end of each semi-annual financial year. If the surplus distribution is paid in cash, the board of directors will resolve it and report to the shareholders' meeting. The revised articles of association stipulate that the company shall estimate and retain taxable contributions, make up for losses in accordance with the law, estimate retention of employee remuneration and directors' remuneration, and reserve 10% of the statutory surplus when surplus is distributed every half of the fiscal year. Reserve; but when the statutory surplus reserve has reached the total paid-in capital of the company, this is not the case. If necessary, the special surplus reserve will be drawn or converted according to law. If there is surplus, the cumulative undistributed surplus of the first half of the fiscal year will be the shareholder Dividends shall be distributed by the board of directors and shall be resolved by the board of directors when they are distributed in cash; if new shares are to be issued, they shall be submitted to the shareholders meeting for distribution after a resolution.

If there is a surplus in the annual final accounts, the tax shall be paid first to make up for the accumulated losses, and 10% of the statutory surplus reserve shall be raised for the second time. However, when the statutory surplus reserve has reached the company's paid-in capital, this limit is not applicable. When necessary According to the law, the special surplus reserve shall be drawn or converted, and the accumulated undistributed surplus in the previous period shall be added as the surplus available for distribution. The board of directors shall prepare a surplus distribution plan. When the distribution is made in cash, the board of directors shall decide; if it is planned to issue new shares, it is At that time, it shall be distributed after a resolution of the shareholders meeting.

The company may distribute all or part of the reserve in accordance with financial, business, and operational considerations according to laws, orders, or regulations of the competent authority. If the distribution is in cash, the board of directors may resolve it in accordance with Article 241 of the Company Law. And report to the shareholders meeting, there is no need to submit to the shareholders meeting to request recognition.

The policy of dividend distribution should reflect factors such as financial situation of the company and capital budgets in the future. The Board of Directors shall make the distribution proposal annually and present it at the shareholders' meeting. Dividend distribution should account for more than 20% of the total distributable earnings. Accordingly, at least 10% of the dividends must be paid in the form of cash.

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total authorized capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal serve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

The distribution of earnings and dividends for 2020 and 2019 were approved by the company's regular shareholders' meetings held on 23 April 2021 and 26 May 2020, respectively. The details of distribution are as follows:

	Appropriation of earnings		Dividend per share	
	2020	2019(Note)	2020	2019(Note)
Legal reserve	\$69,678	—	—	—
Special reserve	\$15,032	—	—	—
Cash dividend (Q1)	—	—	—	—
Cash dividend (Q2)	—	—	—	—
Cash dividend (Q3)	\$169,906	—	\$2.35	—
Cash dividend (Q4)	\$263,896	—	\$3.65	—

Note: The distribution of earnings and dividends for 2019 were not distributed.

The distribution of interim earnings and dividends for 2021 will approved by the company's board meeting held on 5 November 2021. The details of distribution are as follows:

	Appropriation of earnings		Dividend per share	
Legal reserve	\$35,681			—
Special reserve	22,952			—
Cash dividend (Note)	\$240,901			\$3.00

Note: The board was authorized by the company policy to pass the proposal on the cash dividend of ordinary shares for 2021 with a supermajority vote on 5 November 2021.

(12) Operating revenues

	For the three-month periods ended Sep 30		For the nine-month periods ended Sep 30	
	2021	2020	2021	2020
Revenue from contracts with customers				
Sale of goods	\$1,135,603	\$1,009,573	\$3,626,789	\$3,332,519

The Group's revenue related to customer contracts for the three-month and nine-month periods ended September 30, 2021 and 2020 were as follows:

A. Disaggregation of revenue

The Group is a single operating department. The income generated from the sale of goods are \$1,135,603 thousand, \$1,009,573 thousand for the three-month periods ended 30 September 2021 and 2020 respectively, and \$3,626,789 thousand and \$3,332,519 thousand for the nine-month periods ended 30 September 2021 and 2020, respectively which is recognized at a certain point in time.

B. Contract balances

	30 Sep 2021	31 Dec 2020	30 Sep 2020
Contract liabilities - current	\$16,242	\$10,552	\$13,263

Among the contract liabilities of the Group at the beginning of 2021, \$8,563 thousand was due to the fulfillment of part of the performance obligations and has been recognized as income in the current period.

C. Transaction price allocated to unsatisfied performance obligations

As of 30 September 2021 and 2020, the Group's unsatisfied (including partly unsatisfied) performance obligations had a total transaction price of \$0 and \$1,185 thousand, respectively.

D. Assets recognized from costs to fulfil a contract

None

(13) Expected credit impairment losses (gains)

	For the three-month periods ended Sep 30		For the nine-month periods ended Sep 30	
	2021	2020	2021	2020
Operating expenses – Expected credit impairment losses (gains)				
Trade receivables	\$1,491	(\$15,635)	\$14,163	\$34,429

Please refer to Note 12 for more details on credit risk.

The Group's accounts receivable are all measured by the amount of expected credit losses during the duration of the allowance loss, as of 30 September 2021, 31 December 2020 and 30 September 2020. The relevant explanation of the estimated amounts of allowance loss are as follows:

The Group considers the grouping of trade receivables by counterparties' credit rating, by geographical region and by industry sector and its loss allowance is measured by using a provision matrix, details are as follow:

2021.09.30

Group 1	Not yet due	Overdue					Total
		<=30 days	31-60 days	61-90 days	91-120 days	>=121 days	
Gross carrying amount	-	-	-	-	-	\$ 49,473	\$ 49,473
Loss ratio	-	-	-	-	-	100%	
Lifetime expected credit losses	-	-	-	-	-	49,473	49,473
Subtotal	-	-	-	-	-	-	-

Part of the account balance of the Group whose overdue days are more than 121 days, and provided with 100% of the allowance.

Group 2	Not yet due	Overdue					Total
		<=30 days	31-60 days	61-90 days	91-120 days	>=121 days	
Gross carrying amount	\$749,390	\$42,993	\$7,086	\$2,077	\$750	\$21,242	\$823,538
Loss ratio	0.2%~4.03%	0.1%~33.9%	1%~59.91%	5.31%~89.71%	63.51%~100%	100%	
Lifetime expected credit losses	564	2,062	369	433	750	21,242	25,420
Subtotal	\$748,826	\$40,931	\$6,717	\$1,644	-	-	\$798,118
Carrying amount of trade receivables							<u>\$798,118</u>

2020.12.31

Group 1	Not yet due	Overdue					Total
		<=30 days	31-60 days	61-90 days	91-120 days	>=121 days	
Gross carrying amount	-	-	-	-	-	\$74,543	\$74,543
Loss ratio	-	-	-	-	-	50%~100%	
Lifetime expected credit losses	-	-	-	-	-	64,476	64,476
Subtotal	-	-	-	-	-	\$10,067	\$10,067

Part of the account balance of the Group whose overdue days are more than 121 days, due to the longer aging period of the transaction object, the amount set off dubt and the rest is provided with 100% of the allowance.

Group 2	Not yet due	Overdue					Total
		<=30 days	31-60 days	61-90 days	91-120 days	>=121 days	
Gross carrying amount	\$819,817	\$62,566	\$3,133	\$784	\$813	\$9,132	\$896,245
Loss ratio	0.02%~0.95%	0.1%~14.22%	1%~40.26%	5%~68.82%	50%~100%	100%	
Lifetime expected credit losses	434	1,054	644	523	734	9,132	12,521
Subtotal	\$819,383	\$61,512	\$2,489	\$261	\$79	-	\$883,724
Carrying amount of trade receivables							<u>\$893,791</u>

2020.09.30

Group 1	Not yet due	Overdue					Total
		<=30 days	31-60 days	61-90 days	91-120 days	>=121 days	
Gross carrying amount	-	-	-	-	\$33,725	\$54,869	\$88,594
Loss ratio	-	-	-	-	80%~100%	100%	
Lifetime expected credit losses	-	-	-	-	33,543	54,869	88,412
Subtotal	-	-	-	-	\$182	-	\$182

Part of the account balance of the Group who have applied for bankruptcy and accounts overdue for more than 121 days, due to the longer aging period of the transaction object, the amount set off dubt and the rest is provided with 100% of the allowance.

Group 2	Not yet due	Overdue					Total
		<=30 days	31-60 days	61-90 days	91-120 days	>=121 days	
Gross carrying amount	\$784,395	\$37,268	\$1,804	\$3,140	\$2,383	\$9,704	\$838,694
Loss ratio	0.02%~4.1%	0.1%~17%	1%~36.63%	5%~38.75%	50%~67%	100%	
Lifetime expected credit losses	1,128	722	52	381	1,570	9,704	13,557
Subtotal	\$783,267	\$36,546	\$1,752	\$2,759	\$813	-	\$825,137
Carrying amount of trade receivables							<u>\$825,319</u>

The movement in the provision for impairment of contract assets, note receivables, trade receivables and other receivables is as follows:

	Accounts receivable
As of 1 Jan 2021	\$76,997
Increase for the current period	14,163
Write off the current period	(15,212)
Exchange differences	(1,055)
As of 30 Sep 2021	<u>\$74,893</u>
As of 1 Jan 2020	\$69,602
Increase for the current period	34,429
Exchange differences	(2,062)
As of 30 Sep 2020	<u>\$101,969</u>

(14) Leases

A. Group as a lessee

The Group leases various properties, including real estate such as buildings and office equipment. The lease terms range from 3 to 5 years.

The Group's leases effect on the financial position, financial performance and cash flows are as follow:

(a) Amounts recognized in the balance sheet

i. Right-of-use assets

	30 Sep 2021	31 Dec 2020	30 Sep 2020
Buildings	\$20,684	\$21,406	\$22,672
Land-Obtained through Mergers and acquisitions	52,362	54,955	54,365
Office equipment	257	112	137
Total	<u>\$73,303</u>	<u>\$76,473</u>	<u>\$77,174</u>

The addition to the right-of-use assets during the nine-month period ended 30 September 2021 and 2020 was \$4,438 thousand and \$0.

ii. Lease liabilities

	30 Sep 2021	31 Dec 2020	30 Sep 2020
Current	\$7,947	\$6,010	\$5,947
Non-current	14,010	16,375	17,632
Total	<u>\$21,957</u>	<u>\$22,385</u>	<u>\$23,579</u>

Please refer to Note 6(16) D for the interest on lease liabilities recognized during the period ended 30 September 2021 and 2020 and refer to Note 12 liquidity risk management for the maturity analysis for lease liabilities as of 30 September 2021 and 2020.

(b) Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	For the three-month periods ended September 30		For the nine-month periods ended September 30	
	2021	2020	2021	2020
Buildings	\$1,677	\$1,523	\$4,751	\$4,569
Land	569	564	1,719	1,692
Office equipment	31	26	82	77
Total	<u>\$2,277</u>	<u>\$2,113</u>	<u>\$6,552</u>	<u>\$6,338</u>

(c) Income and costs relating to leasing activities

	For the three-month periods		For the nine-month periods	
	ended September 30		ended September 30	
	2021	2020	2021	2020
The expenses relating to short-term leases	\$8,399	\$3,366	\$13,855	\$8,560
Fees for low-value asset leases (excluding short-term leases for low-value asset leases)	-	-	-	-
Changes in lease payments not included in the measurement of lease liabilities	1	-	4	4

(d) Cash outflow relating to leasing activities

For the nine-month periods ended September 30, 2021 and 2020, the Group's total cash outflows for leases amounting to \$18,538 thousand and \$12,833 thousand, respectively.

(e) Extension and termination options

Option to extend lease and option to terminate lease

Some of the Group's property rental agreement contain extension and termination options. In determining the lease terms, the non-cancellable period for which the Group has the right to use an underlying asset, together with both periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option. These options are used to maximize operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group.

After the commencement date, the Group reassesses the lease term upon the occurrence of a significant event or a significant change in circumstances that is within the control of the lessee and affects whether the Group is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in its determination of the lease term.

(15) Summary statement of employee benefits, depreciation and amortization expenses by function:

For the three-month periods ended September 30						
Function Nature	2021			2020		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Salaries	\$58,474	\$81,883	\$140,357	\$59,666	\$79,961	\$139,627
Labor and health insurance	-	\$4,579	\$4,579	-	\$2,517	\$2,517
Pension	-	\$7,253	\$7,253	-	\$645	\$645
Other employee benefits expense	-	\$10,243	\$10,243	-	\$7,424	\$7,424
Depreciation	\$13,360	\$3,125	\$16,485	\$12,088	\$2,984	\$15,072
Amortization	\$4,701	\$7,098	\$11,799	\$4,568	\$7,387	\$12,045

For the nine-month periods ended September 30						
Function Nature	2021			2020		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Salaries	\$158,682	\$214,694	\$373,376	\$149,964	\$224,326	\$374,290
Labor and health insurance	-	\$13,927	\$13,927	-	\$11,600	\$11,600
Pension	-	\$18,815	\$18,815	-	\$3,297	\$3,297
Other employee benefits expense	-	\$26,924	\$26,924	-	\$21,201	\$21,201
Depreciation	\$39,788	\$9,075	\$48,863	\$36,107	\$8,868	\$44,975
Amortization	\$14,194	\$21,385	\$35,579	\$13,968	\$22,409	\$36,377

According to the Company's Articles of Incorporation, no less than 3% of profit of the current year is distributable as employees' compensation and no higher than 5% of profit of the current year is distributable as remuneration to directors and supervisors. However, the company's accumulated losses shall have been covered. The aforementioned employee compensation is stock or cash, including employees of subordinate companies that meet legal requirements. The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributed as employees' compensation in the form of shares or in cash; and in addition thereto a report of such distribution is submitted to the shareholders' meeting. Information on the board of directors' resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

As the end of 30 September 2021, the Company estimated the amounts of the employees' compensation and remuneration to directors to be 4% of profit of the current year and 4% of profit of the current year, \$18,235 thousand and \$18,235 thousand, respectively, recognized as employee benefits expense.

As the end of 30 September 2020, the Company estimated the amounts of the employees' compensation and remuneration to directors to be 3% of profit of the current year and 5% of profit of the current year, \$16,522 thousand and \$27,536 thousand, respectively, recognized as employee benefits expense.

As the end of 31 December 2020, the company estimated employee compensation and director compensation at 3% and 5% respectively, and recognized the amount of employee compensation and director compensation of \$23,530 thousand and \$39,217 thousand respectively, which were accounted for under salary expenses. On 20 July 2021, employee compensation and director compensation were issued \$49,076 thousand in cash. As of 5 November 2021, it has not been issued.

(16) Non-operating income and expenses

	For the three-month periods ended September 30		For the nine-month periods ended September 30	
	2021	2020	2021	2020
i. Interest income				
Financial assets at amortized cost	\$248	\$69	\$485	\$597
ii. Other income				
	For the three-month periods ended September 30		For the nine-month periods ended September 30	
	2021	2020	2021	2020
Rental income	-	\$30	-	\$90
Others	\$1,692	11,074	\$5,946	21,225
Total	\$1,692	\$11,104	\$5,946	\$21,315
iii. Other gains and losses				
	For the three-month periods ended September 30		For the nine-month periods ended September 30	
	2021	2020	2021	2020
Loss of disposal and scrapping equipment	(\$208)	-	(\$208)	-
Foreign exchange (losses) Gains, net	3,143	(\$12,651)	(3,130)	(\$6,295)
Others	(2,337)	(3,227)	(6,457)	(8,876)
Total	\$698	(\$15,878)	(\$9,795)	(\$15,171)
iv. Finance costs				
	For the three-month periods ended September 30		For the nine-month periods ended September 30	
	2021	2020	2021	2020
Interest on borrowings from bank	(\$5,991)	(\$3,231)	(\$20,024)	(\$17,459)
Interest on lease liabilities	(248)	(301)	(780)	(949)
Total	(\$6,239)	(\$3,532)	(\$20,804)	(\$18,408)

(17) Components of other comprehensive income

For the nine-month periods ended September 30,2021:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	(\$29,023)	-	(\$29,023)	\$4,214	(\$24,809)
Total of other comprehensive income(loss)	(\$29,023)	-	(\$29,023)	\$4,214	(\$24,809)

For the three-month periods ended September 30,2021:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	(\$6,072)	-	(\$6,072)	\$4,214	(\$1,858)
Total of other comprehensive income(loss)	(\$6,072)	-	(\$6,072)	\$4,214	(\$1,858)

For the nine-month periods ended September 30,2020:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	(\$54,246)	-	(\$54,246)	-	(\$54,246)
Total of other comprehensive income(loss)	(\$54,246)	-	(\$54,246)	-	(\$54,246)

For the three-month periods ended September 30,2020:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	(\$36,857)	-	(\$36,857)	-	(\$36,857)
Total of other comprehensive income(loss)	(\$36,857)	-	(\$36,857)	-	(\$36,857)

(18) Income tax

A. The major components of income tax expense are as follows:

i. Income tax expense recognized in profit or loss

	For the three-month periods ended September 30		For the nine-month periods ended September 30	
	2021	2020	2021	2020
Current income tax expense:				
Current income tax charge	\$4,281	\$7,661	\$15,731	\$21,328
Adjustments in respect of current income tax of prior periods	(231)	617	4,949	1,950
Deferred tax income expenses (benefit) :				
Unrecognized tax losses or temporary differences in previous years are recognized in the current period	(843)	-	(843)	-
Effect of exchange rate changes	-	(18)	-	(18)
Total income tax expense	\$3,207	\$8,396	\$19,837	\$23,260

ii. Income tax relating to components of other comprehensive income

	For the three-month periods ended September 30		For the nine-month periods ended September 30	
	2021	2020	2021	2020
Income tax relating to components of other comprehensive income	\$4,214	-	\$4,214	-

B. The assessment of income tax returns

As of 30 September 2021, the assessment of the income tax returns of the Company and its subsidiaries is as follows

	<u>The assessment of income tax returns</u>
The Company	Assessed and approved up to 2019
Freshlink Product Development, LLC DBA PREPARA	(Note)
Tzehg Shyng Plastic Product (Heyuan) Co., Ltd.	(Note)
Zengxin Melamine Products (Heyuan) Co., Ltd.	(Note)
First Design Global, Inc.	(Note)

(Note: The foreign subsidiary has completed the declaration on time according to the tax laws and regulations of various countries

C. Unrecognized deferred tax assets

As of 30 September 2021 and 2020, deferred tax assets that have not been recognized amount to \$23,722 thousand and \$128,439 thousand, respectively.

(19) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	<u>For the three-month periods</u>		<u>For the nine-month periods</u>	
	ended September 30		ended September 30	
	2021	2020	2021	2020
A. Basic earnings per share				
Net income	\$40,487	\$131,936	\$420,250	\$506,677
Weighted average number of ordinary shares outstanding for basic earnings per share (thousand shares)	75,993	72,300	73,536	72,300
Basic earnings per share	\$0.53	\$1.82	\$5.71	\$7.01

B. Diluted earnings per share				
Net income	\$40,487	\$131,936	\$420,250	\$506,677
Basic earnings per share weighted average number (thousand shares)	75,993	72,300	73,536	72,300
Effect of dilution:				
Employee compensation-stock (thousand shares)	77	53	240	216
Weighted average number of ordinary shares outstanding after dilution (thousand shares)	76,077	72,353	73,776	72,516
Diluted earnings per share	\$0.53	\$1.82	\$5.70	\$6.99

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of the financial statements.

(20) Business combinations

(a) Based on the investment agreement, the Group acquired three companies, Golden Star Ocean Ltd, Achieve Goal Limited and Freshlink Product Development, LLC DBA PREPARA, and gained control over them on 1 August 2019. The forementioned companies specialized in the designing, manufacturing and selling of household products. The Group has acquired these three companies because of enlarging the operating scale and enhancing the competitiveness.

(b) The fair value of considerations, assets and liabilities of acquiring Golden Star Ocean Ltd, Achieve Goal Limited and Freshlink Product Development, LLC DBA PREPARA as at the date of gaining control as follows:

	Fair value recognized on acquisition
Current assets	
Cash and cash equivalents	\$193,358
Trade receivables	577,251
Current income tax assets	-
Inventories	449,986
Advances	2,155
Other current assets	126,192
Non-current assets	
Property, plant and equipment	928,118
Right of land-use	60,407
Intangible assets	352,409
Other non-current assets	30,672
Total assets	2,720,548

Current liabilities	
Short-term loans	\$804,280
Trade receivables	419,247
Current tax liabilities	-
Other current liabilities	16,787
Total liabilities	<u>1,240,134</u>
Total identifiable net assets at fair value	<u><u>\$1,480,234</u></u>

Goodwill of Golden Star Ocean Ltd, Achieve Goal Limited and Freshlink Product Development, LLC DBA PREPARA is as follows:

Cash consideration	\$2,325,517
Less: identifiable net assets at fair value	<u>(1,480,234)</u>
Goodwill	<u><u>\$845,283</u></u>

Cash flow on acquisition	
Net cash acquired with the subsidiary	\$193,358
Cash paid (For the periods ended 31 December 2019)	<u>(822,404)</u>
Net cash outflow	<u><u>(\$692,046)</u></u>

Cash flow on acquisition	
Net cash acquired with the subsidiary	-
Cash paid (For the periods ended 31 December 2020)	<u>(\$1,083,393)</u>
Net cash outflow	<u><u>(\$1,083,393)</u></u>

7. Related party transactions

Information of the related parties that had transaction with the Group during the financial reporting period is as follows:

i. Related party name and relationship

<u>Name of related parties</u>	<u>Nature of relationship of the related parties</u>
First Design Global Inc. (Taiwan)	Substantial related parties
Pacific Industrial Ltd.	Substantial related parties

ii. Significant transactions with the related parties

1. Sales

	<u>For the nine-month periods ended September 30</u>	
	<u>2021</u>	<u>2020</u>
First Design Global Inc. (Taiwan)	-	\$75,986
Pacific Industrial Ltd.	-	66,450
Total	<u>-</u>	<u>\$142,436</u>

The sales price of the company sold to related parties is negotiated by both parties with reference to market conditions Domestic sales and foreign sales are handled according to the general sales conditions, and the payment period is 30-180 days after shipment.

2. Accounts receivable-related

	30 September 2021	30 September 2020
First Design Global Inc. (Taiwan)	-	\$2,479
Pacific Industrial Ltd.	-	1,658
Total	-	\$4,137

3. Key management personnel compensation

	For the three-month periods		For the nine-month periods	
	ended September 30,		ended September 30,	
	2021	2020	2021	2020
Short-term employee benefits	\$13,627	\$5,824	\$37,997	\$13,852
Post-employment benefits	108	81	274	213
Total	\$13,735	\$5,905	\$38,271	\$14,065

4. Others

During the period from 1 January to 30 September of 2021 and 2020, the Group provides housing for use by key management personnel and its rental fee were \$162 thousand.

5. The Group's loans are jointly and severally guaranteed by related parties.

8. Assets pledged as security

The following table lists assets of the Group pledged as security:

	Carrying amount			Guaranteed debt content
	30 Sep 2021	31 Dec 2020	30 Sep 2020	
Other financial assets – current-Reserve Account, certificate of deposit	\$171,852	\$126,764	\$131,027	Short-term loans
Property, plant and equipment	619,644	753,982	795,667	Short-term loans
	\$791,496	\$880,746	\$926,694	

9. Commitments and contingencies

- i. Amounts available under unused letters of credit as of 30 September 2021 were USD2,096 thousand.

- ii. Guaranteed notes issued with the bank due to borrowing as of 30 September 2021 were \$5,401,260 thousand.
- iii. As of 30 September 2021, the Group's litigation with Jiawei Optoelectronics (Suzhou) Co., Ltd. due to a dispute over a sale and purchase contract has received a civil judgment from the Intermediate People's Court of Suzhou City, Jiangsu Province on 18 September 2019. It was judged that the Group won the case and ordered Jiawei Optoelectronics (Suzhou) Co., Ltd. to pay US\$1,106 thousand and liquidated damages. However, Suzhou Dongfu Electronic Technology Co., Ltd. filed an appeal. The court continued the trial; the two parties reached a settlement on 2 September 2020 at RMB 8,300 thousand and signed a settlement agreement; As of 5 January 2021, RMB 8,300 thousand has been received in accordance with the agreement, the settlement has been confirmed and the false seizure has been revoked, and the case has ended.
- iv. As of 30 September 2021, the Group filed a lawsuit with Shenzhen Haojian Electronics Co., Ltd. due to a dispute over a sale and purchase contract, demanding that Shenzhen Haojian Electronics Co., Ltd. overdue the payment of RMB 3,991 thousand and the interest up to the payment date. In this case, the civil judgment of the People's Court of Qianhai Cooperation District, Shenzhen, Guangdong Province was judged in the civil judgment of the People's Court of Shenzhen Qianhai Cooperation Zone, Guangdong Province on 29 July 2020. Shenzhen Haojian Electronics Co., Ltd. was required to pay RMB 3,991 thousand for the goods and the interest up to the payment date. And its sole shareholder, Cheng Qiang, was jointly and severally responsible for the repayment. However, Shenzhen Haojian Electronics Co., Ltd. lodged an appeal. On 12 April 2021, the lawyer informed us that we had won the case and the case has entered the execution of freezing the debtor's property on 8 July 2021.
- v. To adjust the operating strategy, the Group and the seller signed the share purchase agreement, which acquired Achieve Goal Limited and its subsidiaries: Tzend Shyng Industries (Heyuan) Co., Ltd. and Zhengxin Melamine Products (Heyuan) Co., Ltd. As of 30 September 2021, due to Guangzhou Lili Industrial Co., Ltd. Company couldn't pay off the mature debts, Ganzhou Dongxin Chemical Materials Co., Ltd. applied bankruptcy liquidation to Guangzhou Intermediate People's Court. The details of debt receivables the Guangzhou Lili Industrial Co., Ltd. Company submitted requested the Group's Sub-Subsidiary, Zhengxin Melamine Products (Heyuan) Co., Ltd., to pay off the debt amounted to RMB 12,374 thousand. Few days ago, the court dismissed the prosecute of the plaintiff Guangzhou Lili Industrial Co., Ltd. Company. However, this involves a dispute between the original owner of Zhengxin Melamine Products (Heyuan) Co., Ltd. and Guangzhou Lili Industrial Co., Ltd. on the right to set off bankruptcy debts. The court recently ruled that Guangzhou Lili Industrial Co., Ltd. shall deal with Zhengxin Melamine Products (Heyuan) Co., Ltd. The debtor of the original owner of the operating right shall bear one-half of the liability for the repayment of the debts that cannot be repaid as stated in the judgment. Also, a commitment has been issued, if the case finally requires compensation, the seller will fulfill it. After the Group's assessment, the aforementioned case has no significant impact on current operation.
- vi. As of 30 September 2021, a California tableware company filed a patent infringement lawsuit to the group's subsidiary at the United States District Court of California, after comparing the patent at issue by the US patent attorneys, the Group believes that the product design of the Group has existed in the US sales market for a long time. It is a long-established general process design, which is still different from the patent at issue, and the parties isn't standing in this case. The lawsuit is still trialed by the court.

10. Losses due to major disasters

None.

11. Significant subsequent events

None.

12. Financial instruments

i. Categories of financial instruments

Financial assets

	<u>30 Sep 2021</u>	<u>31 Dec 2020</u>	<u>30 Sep 2020</u>
Financial assets measured at amortized cost			
Cash and cash equivalents (excluding cash)	\$304,660	\$368,368	\$222,928
Accounts receivables	798,118	893,791	825,319
Other receivables	49,176	11,157	15,141
Other financial assets - current	172,873	126,764	131,027
Refundable deposits	3,595	3,333	3,389
Total	<u>\$1,328,422</u>	<u>\$1,403,443</u>	<u>\$1,197,804</u>

Financial liabilities

	<u>30 Sep 2021</u>	<u>31 Dec 2020</u>	<u>30 Sep 2020</u>
Financial liabilities at amortized cost:			
Short-term loans	\$1,110,568	\$780,401	\$614,647
Accrued payables	167,212	136,285	129,714
Other payables	644,462	900,025	1,132,137
Long-term loans (including current portion)	381,456	1,006,000	480,000
Lease liabilities (including current and non-current)	21,957	22,385	23,579
Total	<u>\$2,325,655</u>	<u>\$2,845,096</u>	<u>\$2,380,077</u>

ii. Financial risk management objectives and policies

The Group's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Group identifies measures and manages the aforementioned risks based on the Group's policy and risk appetite.

The Group has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors must be carried out based on related protocols and internal control procedures. The Group complies with its financial risk management policies at all times.

iii. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk and other price risk (such as equity risk).

In practice, it is rarely the case that a single risk variable will change independently from other risk variable, there is usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

A. Foreign currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense are denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries.

The Group has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore forming a natural hedge. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Group.

B. The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period. The Group's foreign currency risk is mainly related to the volatility in the exchange rates for USD. The information of the sensitivity analysis is as follows:

When NTD strengthens/weakens against USD by 1%, the (loss) gain for the nine-month periods ended September 30, 2021 and 2020 increased by \$1,387 thousand and (\$3,521) thousand, respectively.

C. Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to bank borrowings with fixed interest rates and variable interest rates.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable loans and borrowings and entering into interest rate swaps. The interest rate sensitivity analysis is as follow:

When the market interest rate is +/- ten basis points, the (loss) gain for the nine-month periods ended September 30, 2021 and 2020 increased by \$1,016 thousand yuan and \$556 thousand, respectively.

iv. Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a contract, leading to a financial loss. The Group is exposed to credit risk from operating activities (primarily for accounts receivables and notes receivables) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to credit risk management. Credit limits are established for all counter parties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Group's internal rating criteria etc. Certain counter parties' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.

The Group's top ten customer accounts receivable as of 30 September 2021 and 2020 accounted for 89.34% and 78.32% of the Group's total accounts receivable, respectively. The credit concentration risk of other accounts receivables is insignificant.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Group's treasury in accordance with the Group's policy. The Group only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating. Consequently, there is no significant credit risk for these counter parties.

In addition, when the Group assesses that it cannot reasonably expect to recover the financial assets (such as the issuer or debtor's major financial difficulties, or has gone bankrupt), it shall recognize 100% of the allowance loss.

The Group will promptly dispose of such investment in debt instruments with increased credit risk to reduce credit losses. When using IFRS 9 to assess expected credit losses, the assessment of forward-looking information (which can be obtained without undue cost or investment) includes general economic information and industry information, etc., and will adjust the loss rate further considering significant impact on the forward-looking information.

v. Liquidity risk management

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, highly liquid equity investments, bank borrowings, convertible bonds and finance leases. The table below summarizes the maturity profile of the Group's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period

Non-derivative financial liabilities

	< 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As of 30 September 2021					
Loans	\$1,307,160	\$190,598	-	-	\$1,497,758
Amounts payables	\$811,674	-	-	-	\$811,674
Lease liabilities	\$8,817	\$13,009	\$1,825	-	\$23,651
As of 31 December 2020					
Loans	\$1,044,871	\$761,311	-	-	\$1,806,182
Amounts payables	\$1,036,310	-	-	-	\$1,036,310
Lease liabilities	\$7,013	\$13,342	\$4,439	-	\$24,794
As of 30 September 2020					
Loans	\$757,103	\$331,917	\$16,263	-	\$1,105,284
Amounts payables	\$1,261,851	-	-	-	\$1,261,851
Lease liabilities	\$6,996	\$13,436	\$5,776	-	\$26,208

vi. Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the nine-month periods ended September 30, 2021:

	Short-term loan	Long-term loan	Lease liabilities	Total liabilities arising from financing activities
January 1, 2021	\$780,401	\$1,006,000	\$22,385	\$1,808,786
Cash flow	330,167	(624,544)	(5,459)	(299,836)
Non-cash movement	-	-	5,223	5,223
Exchange differences	-	-	(192)	(192)
September 30, 2021	\$1,110,568	\$381,456	\$21,957	\$1,513,981

Reconciliation of liabilities for the nine-month periods ended September 30, 2020:

	Short-term loan	Long-term loan	Lease liabilities	Total liabilities arising from financing activities
January 1, 2020	\$1,205,844	\$280,000	\$27,725	\$1,513,569
Cash flow	(591,197)	200,000	(5,215)	(396,412)
Non-cash movement	-	-	1,162	1,162
Exchange differences	-	-	(93)	(93)
September 30, 2020	\$614,647	\$480,000	\$23,579	\$1,118,226

vii. Fair values of financial instruments

1. The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Group to measure or disclose the fair values of financial assets and financial liabilities:

- a. The carrying amount of cash and cash equivalents, trade receivables, accounts payable and other current liabilities approximate their fair value due to their short maturities.
 - b. For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures etc.) at the reporting date.
 - c. Fair value of debt instruments without market quotations, bank loans, bonds payable and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the GreTai Securities Market, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)
 - d. The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using on the counterparty prices or appropriate option pricing model (for example, Black-Scholes model) or other valuation method (for example, Monte Carlo Simulation).
2. Fair value of financial instruments measured at amortized cost

Other than cash and cash equivalents, trade receivables, accounts payable and other current liabilities whose carrying amount approximate their fair value, the fair value of the Group's financial assets and financial liabilities measured at amortized cost is listed in the table below:

	Book value		
	30 Sep 2021	31 Dec 2020	30 Sep 2020
Financial liabilities :			
Short-term loan	\$1,110,568	\$780,401	\$614,647
Long-term loans (including current portion)	\$381,456	\$1,006,000	\$476,452

	Fair value		
	30 Sep 2021	31 Dec 2020	30 Sep 2020
Financial liabilities :			
Short-term loan	\$1,110,568	\$780,401	\$614,647
Long-term loans (including current portion)	\$381,166	\$1,006,000	\$476,452

viii. Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

	30 September 2021		
	Foreign currencies (in thousands)	Foreign exchange rate	NT\$ (in thousands)
<u>Financial assets</u>			
Monetary items:			
USD	\$46,330	27.85	\$1,290,291
RMB	\$4,000	4.2943	\$17,177
<u>Financial liabilities</u>			
Monetary items:			
USD	\$51,319	27.85	\$1,429,234
Exchange (losses), net of monetary financial liabilities and assets			
USD and RMB			(\$3,130)

	31 December 2020		
	Foreign currencies (in thousands)	Foreign exchange rate	NT\$ (in thousands)
<u>Financial assets</u>			
Monetary items:			
USD	\$45,005	28.48	\$1,281,742
RMB	\$9,000	4.377	\$39,393
<u>Financial liabilities</u>			
Monetary items:			
USD	\$44,829	28.48	\$1,276,730
Exchange (losses), net of monetary financial liabilities and assets			
USD and RMB			(\$14,020)

	30 September 2020		
	Foreign currencies (in thousands)	Foreign exchange rate	NT\$ (in thousands)
<u>Financial assets</u>			
Monetary items:			
USD	\$38,219	29.1	\$1,112,173
RMB	\$5,991	4.2731	\$25,600
<u>Financial liabilities</u>			
Monetary items:			
USD	\$26,118	29.1	\$760,034
Exchange gains, net of monetary financial liabilities and assets USD and RMB			(\$6,295)

The above information is disclosed based on the carrying amount of foreign currency (after conversion to functional currency).

ix. Capital managements

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, returning capital to shareholders or issuing new shares.

x. Others

Ever since the outbreak of the COVID-19 pandemic in January 2020, there has been significant uncertainty about the future of the international economy and finance. In conclusion, the epidemic has had little impact on the Group's operations at the end of the quarter. Due to the unpredictable development trend of the COVID-19 pandemic, it is not possible to reasonably predict the future impact on the Group's business and financial position.

13. Other disclosure

i. Information at significant transactions from 1 January 2021 to 30 September 30 2021

- A. Financing provided to others: None.
- B. Endorsement/Guarantee provided to others: Please refer to Attachment 1.
- C. Securities held as of 30 September 2021: None.
- D. Individual securities acquired or disposed of with accumulated amount exceeding the lowers of NT\$100 million or 20% of the capital stock: None.
- E. Acquisition of individual real estate with amount exceeding the lower of \$300 million or 20% of the capital stock: None.
- F. Disposal of individual real estate with amount exceeding the lower of \$300 million or 20% of the capital stock: None.

- G. Related party transactions for purchases and sales amounts exceeding the lower of \$100 million or 20% of the capital stock: Please refer to Attachment 2.
 - H. Receivables from related parties with amounts exceeding the lower of \$100 million or 20% of capital stock : Please refer to Attachment 3.
 - I. Financial instruments and derivative transactions: None
 - J. Others: Significant inter-company transactions during the reporting periods: Please refer to Attachment 6.
- ii. Reinvestment business related information: Those who directly or indirectly have significant influence, control or joint venture control on the invested company that is not in the mainland area should disclose their name, location, main business project, original investment amount, ending shareholding situation, Relevant information such as period profit and loss and recognized investment profit and loss: Please refer to Attachment 4.
 - iii. Information on investments in mainland China
 - A. Information on investments in mainland China : Please refer to Attachment 5.
 - B. From 1 January 2021 to 30 September 2021, the following significant transactions with the investee companies in China directly or indirectly through the third area and the relevant prices, payment terms and unrealized gains and losses:
 - (a) Purchase, ending balance of related payables and their weightings: Please refer to Attachment 2.
 - (b) Sales, the ending balance of related receivables and their weightings: Please refer to Attachment 2.
 - (c) The amount of property transactions and the amount of profits and losses: None.
 - (d) Ending balance of endorsements/guarantees or collateral provided and the purposes: None.
 - (e) The maximum balance, ending balance, interest rate range and total interest of the financial intermediation in current period: None.
 - (f) Transactions that have significant impact on the profit or loss of current period or the financial position: None.
 - iv. Information of major shareholders: Please refer to Attachment 7.

14. Segment information

The operating income of the company comes from the Household Products Division. As it is a single operating department, it does not disclose the application of its departmental information.

JIA WEI LIFESTYLE, INC. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2021
(Expressed in thousands of New Taiwan Dollars unless Otherwise Specified)
ENDORSEMENT/GUARANTEE PROVIDED TO OTHERS

Attachment 1

No (Note 1)	Endorsement/Guarantee Provider	Guaranteed Party		Limits on Endorsement/Guarantee Amount Provided to Each Guaranteed Party (Note 3&4)	Maximum Balance for the Period (Note 5)	Ending Balance (Note 6)	Amount Actually Drawn (Note 7)	Amount of Endorsement/ Guarantee secured by Properties	Ratio of Accumulated Endorsement/Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowed (Note 3&4)	Endorsement provided by parent company to subsidiaries (Note 8)	Endorsement provided by subsidiaries to parent company (Note 8)	Endorsement provided to subsidiaries in China (Note 8)	Note
		Name	Nature of Relationship (Note 2)											
0	Jia Wei Lifestyle, Inc.	Tzeng Shyng Industries (Heyuan) Co.,Ltd	2	\$2,343,545	\$272,013	\$266,247	\$266,247	\$266,247	11.36%	\$2,343,545	Y	N	Y	
1	Tzeng Shyng Industries (Heyuan) Co.,Ltd	Jia Wei Lifestyle, Inc.	3	\$546,519 (Note 9)	\$272,013	\$266,247	\$266,247	\$266,247	48.72%	\$546,519	N	Y	N	

Note 1 : Companies are coded as follows:

(1) JIA WEI LIFESTYLE, INC. is coded "0".

(2) The investees are coded from "1" in the order presented in the table above.

Note 2 : The relationships between endorsement/guarantee providers and guaranteed parties are categorized into the following types :

(1) A company that has a business relationship with Jia Wei Lifestyle, Inc.

(2) A subsidiary in which Jia Wei Lifestyle, Inc holds directly over 50% of common equity interest.

(3) An investee in which Jia Wei Lifestyle, Inc and its subsidiaries jointly hold over 50% of common equity interest.

(4) A parent company that holds directly over 90% or indirectly over 90% through a subsidiary of the company's common equity interest.

(5) A company that has provided guarantees to Jia Wei Lifestyle, Inc., and vice versa, due to contractual requirements.

(6) A company in which Jia Wei Lifestyle, Inc. jointly invests with other shareholders, and for which Jia Wei Lifestyle, Inc has provided endorsement/guarantee in proportion to its shareholding percentage.

(7) Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3 : Jia Wei Lifestyle, Inc. : The aggregate amount of endorsements/guarantees for any single entity shall not exceed 100% of the Company's net equity in the latest Financial Statements

Note 4 : Jia Wei Lifestyle, Inc. : The aggregate amount of endorsements/guarantees shall not exceed 100% of the Company's net equity in the latest Financial Statements

Note 5 : Maximum balance of endorsements/guarantees provided to others for current period.

Note 6 : The maximum balance for the period and ending balance represent the amounts approved by the Board Directors.

Note 7 : The company which endorsements/guarantees by Jia Wei Lifestyle, Inc should disclosed the amount actually drawn within ending balance.

Note 8 : Public company provided endorsements/guarantees to subsidiary or subsidiary provided endorsements/guarantees to public company or provided endorsements/guarantees which located in CHINA area coded "Y".

Note 9 : Tzeng Shyng industries (Heyuan) Co.,Ltd : The aggregate amount of endorsements/guarantees for any single entity shall not exceed 100% of the Company's net equity in the latest Financial Statements

JIA WEI LIFESTYLE, INC. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2021

(Expressed in thousands of New Taiwan Dollars unless Otherwise Specified)

RELATED PARTY TRANSACTIONS WITH PURCHASE OR SALES AMOUNT OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

Attachment 2

Company Name	Related Party	Nature of Relationships	Transaction Details				Abnormal Transaction(Note 1)		Notes/Accounts Payable or Receivable		Note(Note 2)
			Purchases/ Sales	Amount	Percentage to Total	Collection/ Payment Terms	Unit Price	Collection/ Payment Terms	Ending Balance	Percentage to Total	
Jia Wei Lifestyle, Inc.	Tzeng Shyng Industries (Heyuan) Co.,Ltd	sub-subsiary	Purchases	\$1,949,670	74.60%	Net 30 days from the end of the month of when invoice is issued by T/T	-	-	(\$155,792)	53.77%	
Jia Wei Lifestyle, Inc.	Zhengxin Melamine Products (Heyuan) Co., Ltd	sub-subsiary	Purchases	\$582,411	22.28%	Net 30 days from the end of the month of when invoice is issued by T/T	-	-	(\$92,043)	31.77%	
Jia Wei Lifestyle, Inc.	Freshlink Product Development,LLC.DBA PREPARA	subsidiary	Sales	\$146,863	4.01%	Net 180 days from the end of the month of when invoice is issued by T/T	-	-	\$158,070	15.45%	

Note 1 : If the transaction detail is difference from the general trading terms, the differences and the reasons should be stated in the unit price and the collection/ payment terms columns.

Note 2: If there is an advance payment (payment), the reason, contractual terms, amount, and differences from the general transaction terms should be stated in the note column.

Note 3: Paid-in capital refers to the paid-in capital of the parent company. If the issuer's stock has no par value or the par value per share is not NT\$10, the transaction amount of 20% of the paid-in capital shall be calculated based on the 10% of the equity attributable to the owner of the parent company on the balance sheet .

Note 4 : All the above transactions were eliminated on consolidation.

JIA WEI LIFESTYLE, INC. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED SEPTEMBER 30, 2021

(Expressed in thousands of New Taiwan Dollars unless Otherwise Specified)

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

Attachment 3

Company Name	Related Party	Nature of Relationships	Ending Balance (Note 1)	Turnover Ratio (times)	Overdue		Amounts Received in Subsequent Periods	Allowance for Doubtful Accounts
					Amount	Action Taken		
Tzeng Shyng Industries (Heyuan) Co.,Ltd	Jia Wei Lifestyle, Inc.	sub-subsiary	\$155,792	10.18	-	-	\$112,071	-
Zhengxin Melamine Products (Heyuan) Co., Ltd	Jia Wei Lifestyle, Inc.	sub-subsiary	\$92,043	6.53	-	-	\$92,043	-
Jia Wei Lifestyle, Inc.	Freshlink Product Development,LLC.DBA PREPARA	subsidiary	\$158,070	1.68	-	-	-	-

Note 1: Please fill in separately according to accounts receivable, bills, other receivables... etc.

Note 2 : All the above transactions were eliminated on consolidation.

JIA WEI LIFESTYLE, INC. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2021
(Expressed in thousands of New Taiwan Dollars unless Otherwise Specified)
NAMES, LOCATIONS AND RELATED INFORMATION OF INVESTEE COMPANIES (Not including investment in Mainland China)

Attachment 4

Investor Company	Investee Company	Address	Main businesses and products	Initial Investment		Investment as of September 30, 2021			Net income (loss) gain of investee company (Note 2 (2))	Investment (loss) gain recognized (Note 2 (3))	Note
				Ending balance	Beginning balance	Number of shares	Percentage of ownership	Carrying amount			
Jia Wei Lifestyle, Inc.	Gamma Optical Investment (Samoa) Co., Ltd.	Samoa	Investment holding	-	\$161,558	-	100.00%	-	(\$347)	(\$347)	subsidiary
								(Note5)			
Jia Wei Lifestyle, Inc.	Golden Star Ocean Ltd.	Seychelles	Investment holding	\$1,484,100 (USD48,500)	\$1,484,100 (USD48,500)	-	100.00%	\$1,353,739	(\$20,123)	(\$20,123)	subsidiary
Golden Star Ocean Ltd.	Widely Watched Limited	British Virgin Islands	Design and international trade	-	-	-	100.00%	USD74 (Note3)	(\$200)	(\$200)	sub-subsidiary
Golden Star Ocean Ltd.	Tzeng Shyng Industries Corp.	Seychelles	International trade	-	-	-	100.00%	(USD1,358) (Note3)	(\$19,807)	(\$19,807)	sub-subsidiary
Golden Star Ocean Ltd.	Bright Wing Global Co., Ltd.	Seychelles	International trade	-	-	-	100.00%	USD 0 (Note3)	-	-	sub-subsidiary
Golden Star Ocean Ltd.	First Design Global, Inc.	California, USA	International trade	-	-	-	0.41%	(USD1,991) (Note3)	(\$28,186)	(\$116)	sub-subsidiary
Jia Wei Lifestyle, Inc.	Achieve Goal Limited	Darawa, U.S.	Investment holding	\$733,254 (USD23,600)	\$733,254 (USD23,600)	-	(Note4)	\$995,292	\$25,197	\$25,197	subsidiary
Jia Wei Lifestyle, Inc.	Freshlink Product Development,LLC.DBA PREPARA	New York, U.S.	Household products design and trade	\$287,718 (USD9,600)	\$228,844 (USD7,500)	-	100.00%	\$79,571	(\$63,048)	(\$63,048)	subsidiary
Jia Wei Lifestyle, Inc.	First Design Global, Inc.	California, USA	International trade	\$59,024 (USD2,000)	\$59,024 (USD2,000)	-	99.59%	\$16,741	(\$28,186)	(\$28,070)	subsidiary

Note 1: If a public offering company has a foreign holding company and uses consolidated statements as the main financial statements in accordance with local laws and regulations,

the disclosure of information about the foreign invested company may only disclose relevant information to the holding company.

Note 2: For those who are not in the circumstances described in (Note 1), fill in according to the following regulations:

- (1) All columns above should be filled, and the nature of relationships should be stated in the Note column.
- (2) Net income (loss) should be stated in the Investee Company column.
- (3) It is only necessary to fill in the profit and loss amount of each subsidiary recognized by the (public offering) company for direct reinvestment and each invested company evaluated by the equity method, and the rest is not required.

Note 3: It is the book value at the end of the investment period of the M&A entity

Note 4: According to the investment agreement, the company obtained 100% control on 1 August 2019 and has transferred 41% of the equity.

Note5:The company has completed the liquidation and dissolution procedures on September 7,2021.

JIA WEI LIFESTYLE, INC. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2021
(Expressed in thousands of New Taiwan Dollars unless Otherwise Specified)
INFORMATION ON INVESTMENT IN MAINLAND CHINA

Attachment 5

(1)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of September 30, 2021	Profits/Losses of the Investee Company	Percentage of Ownership (Direct or Indirect Investment)	Share of Profits/Losses (Note 2)	Carrying Amount as of September 30, 2021	Accumulated Inward Remittance of Earnings as of September 30, 2021
					Outflow	Inflow						
Gamma Optical Investment (Samoa) Co., Ltd.	Manufacturing and processing of optical products, conductive films and related materials	US\$5,000 thousand (NTD159,775 thousand)	2	NTD 159,775	—	NTD 15,359 (Note 6)	NTD 159,775	—	—	—	—	—
Tzeng Shyng Industries (Heyuan) Co., Ltd	Production and sales of household products	US\$16,500 thousand (NTD514,305 thousand)	2	NTD 199,750 (USD6,432)	—	—	NTD 199,750 (USD6,432)	NTD 31,741	100.00%	NTD 31,741 (2).B	NTD 582,138 (USD20,903)	—
Zhengxin Melamine Products (Heyuan) Co., Ltd	Production and sales of household products	US\$6,500 thousand (NTD202,605 thousand)	2	NTD 98,384 (USD3,168)	—	—	NTD 98,384 (USD3,168)	(NTD 6,544)	100.00%	(NTD 6,544) (2).B	NTD 319,790 (USD 11,483)	—

(2)

Accumulated Outflow of Investment from Taiwan to Mainland China as of September 30, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note5)
\$459,692 (US\$14,656,333.55)	\$926,207 (US\$29,656,333.55)	\$1,406,127

(Note 1) : The methods for investment in Mainland China are categorized into the following three types. Please specify the type.

- (1) Direct investment in Mainland China.
- (2) Indirectly investment in Mainland China through companies registered in the third area (Please specify the name of the company in third region).
- (3) Others.

(Note 2) : In Share of Profits/Losses column

- (A) If it is in preparation and there is no investment gain or loss, it should be indicated
- (B) The recognition basis of investment gains and losses is divided into the following three types, which should be specified

1. The approved financial statements have been checked by all international accounting firms in cooperation with the Republic of China Accounting Firm.
2. The financial statements of the visa are reviewed by the Taiwanese parent company's visa accountant.
3. Other

(Note 3) : The table is expressed in thousands of New Taiwan Dollars.

(Note 4) : All the above transactions were eliminated on consolidation.

(Note 5) : 60% of combined net worth

(Note 6) : The selling price has been recovered on September 30, 2021.

JIA WEI LIFESTYLE, INC. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2021
(Expressed in thousands of New Taiwan Dollars unless Otherwise Specified)
INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS

Attachment 6

No. (Note 1)	Company Name	Counter Party	Nature of Relationship (Note 2)	Intercompany Transactions			
				Financial Statements Item	Amount	Terms	Percentage of Consolidated Net Revenue or Total Assets (Note 3)
0	Jia Wei Lifestyle, Inc.	Frist Design Ltd.	1	Sales revenue (sales)	\$34,775	General trading terms	0.96%
0	Jia Wei Lifestyle, Inc.	Freshlink Product Development,LLC.DBA PREPARA	1	Sales revenue (sales)	\$146,863	General trading terms	4.05%
0	Jia Wei Lifestyle, Inc.	Tzeng Shyng industries (Heyuan) Co.,Ltd	2	Cost of goods sold(Phurchases)	\$1,949,670	General trading terms	53.76%
0	Jia Wei Lifestyle, Inc.	Zhengxin Melamine Products (Heyuan) Co., Ltd	2	Cost of goods sold(Phurchases)	\$582,411	General trading terms	16.06%
0	Jia Wei Lifestyle, Inc.	Freshlink Product Development,LLC.DBA PREPARA	1	Accounts receivable	\$158,070	General trading terms	3.33%
0	Jia Wei Lifestyle, Inc.	Frist Design Ltd.	1	Accounts receivable	\$76,265	General trading terms	1.61%
0	Jia Wei Lifestyle, Inc.	Tzeng Shyng industries (Heyuan) Co.,Ltd	2	Accounts payable	\$155,792	General trading terms	3.28%
0	Jia Wei Lifestyle, Inc.	Zhengxin Melamine Products (Heyuan) Co., Ltd	2	Accounts payable	\$92,043	General trading terms	1.94%
0	Jia Wei Lifestyle, Inc.	Tzeng Shyng industries (Heyuan) Co.,Ltd	2	Other receivables	\$622,811	Business dealings	13.11%

Note 1 : The parent company and its subsidiaries are coded as follows:

No.1. The parent company is coded "0".

No.2. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2 : Transactions are categorized as follows:

No.1. Transactions from parent company to a subsidiary.

No.2. Transactions from parent company to a sub-subsidiary.

No.3. Transactions between subsidiaries.

No.4. Transactions from a subsidiary to a sub-subsidiary.

No.5. Transactions between sub-subsidiary.

Note 3 : Regarding the percentage of transaction amount to consolidated net revenue or total assets, it is computed based on the ending balance to consolidated total assets for balance sheet items;

and based on interim accumulated amount to consolidated net revenue for income statement items.

Note 4 : The important transactions in this form may be listed by the company in accordance with the principle of materiality.

Note 5 : All the above transactions were eliminated on consolidation.

JIA WEI LIFESTYLE, INC. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2021

(Expressed in thousands of New Taiwan Dollars unless Otherwise Specified)

Major shareholder information

Attachment 7 Unit : Share

Major shareholder	stock	
	amount	percentage
Myott Investment Co., Ltd.	7,343,310	9.14%
Super Domain Investments Limited	7,018,294	8.74%
Digital Solution Investments Limited	7,018,294	8.74%
Omega Investment Limited	5,449,000	6.78%
Smart Investment Limited	5,326,740	6.63%

Note 1: The information of major shareholders in this table is based on the last business day of the end of each quarter by Taiwan Depository & Clearing Corporation, calculating that shareholders hold 5% or above of the company's ordinary shares and special shares that have completed unregistered delivery (including treasury shares). The above information. As for the share capital recorded in the company's financial report and the company's actual number of shares delivered without physical registration, there may be differences or differences due to different calculation bases.

Note 2: If the above-mentioned information belongs to the shareholders' delivery of shares to the trust, it is disclosed in individual accounts by the trustor who opened the trust account by the trustee. As for the shareholder's declaration of insider's equity holding more than 10% of the shares in accordance with the Securities Exchange Act, his shareholding includes his own shareholding plus the shares delivered to the trust and the right to use the trust property, etc. For information on insider's equity declaration, please refer to Public information observatory.