

**CHENBRO MICOM CO., LTD. AND  
SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REVIEW REPORT  
JUNE 30, 2021 AND 2020**

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

## INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

(21) PWCR 21001308

To the Board of Directors and Stockholders of Chenbro Micom Co., Ltd. and subsidiaries

### ***Introduction***

We have reviewed the accompanying consolidated balance sheets of Chenbro Micom Co., Ltd. and subsidiaries (the "Group") as at June 30, 2021 and 2020, and the related consolidated statements of comprehensive income for the three months and six months then ended, as well as the related consolidated statements of changes in equity and of cash flows for the six months then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

### ***Scope of review***

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

### ***Basis for qualified conclusion***

As explained in Note 4(3), the financial statements of insignificant consolidated subsidiaries were not reviewed by independent auditors. Total assets of these subsidiaries amounted to NT\$359,450 thousand and NT\$462,713 thousand, constituting 4% and 7% of the consolidated total assets as at June 30, 2021 and 2020, respectively, total liabilities amounted to NT\$148,046 thousand and NT\$191,719 thousand, constituting 3% and 5% of the consolidated total liabilities as at June 30, 2021 and 2020, respectively, and the total comprehensive (loss) income amounted to (NT\$6,624) thousand, NT\$5,396 thousand,

(NT\$11,457) thousand and NT\$16 thousand, constituting (4%), 2%, (4%) and 0% of the consolidated total comprehensive income for the three months and six months then ended, respectively.

### ***Qualified conclusion***

Except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of consolidated subsidiaries been reviewed by independent auditors as described in the *Basis for qualified conclusion* section above, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at June 30, 2021 and 2020, and of its consolidated financial performance and its consolidated cash flows for the three months and six months then ended and its consolidated cash flows for the six months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission.

Penny Pan

Lin, Chun-Yao

For and on behalf of PricewaterhouseCoopers, Taiwan

August 10, 2021

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

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

**CHENBRO MICOM CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**JUNE 30, 2021, DECEMBER 31, 2020 AND JUNE 30, 2020**  
(Expressed in thousands of New Taiwan dollars)  
(The balance sheets as of June 30, 2021 and 2020 are reviewed, not audited)

Assets		Notes	June 30, 2021		December 31, 2020		June 30, 2020	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
<b>Current assets</b>								
1100	Cash and cash equivalents	6(1)	\$ 1,054,596	11	\$ 1,216,174	15	\$ 1,734,105	25
1136	Current financial assets at amortised cost	6(3) and 8	3,000	-	3,000	-	-	-
1150	Notes receivable, net	6(4) and 7	871	-	921	-	503	-
1170	Accounts receivable, net	6(4) and 7	2,166,141	23	1,751,605	22	1,868,098	27
1200	Other receivables	6(5) and 7	60,424	1	61,498	1	41,504	1
1220	Current income tax assets	6(26)	25,502	-	25,971	-	18,595	-
130X	Inventories	6(6)	1,798,296	19	1,429,726	18	1,055,834	16
1410	Prepayments		124,736	2	26,506	-	64,573	1
1470	Other current assets	8	3,644	-	5,195	-	6,213	-
11XX	<b>Total current assets</b>		<u>5,237,210</u>	<u>56</u>	<u>4,520,596</u>	<u>56</u>	<u>4,789,425</u>	<u>70</u>
<b>Non-current assets</b>								
1517	Non-current financial assets at fair value through other comprehensive income	6(2)	32,178	-	28,196	-	23,793	-
1535	Non-current financial assets at amortised cost	6(3) and 8	218,384	2	221,946	3	215,563	3
1600	Property, plant and equipment	6(7) and 8	3,703,652	39	3,056,216	38	1,565,610	23
1755	Right-of-use assets	6(8)	84,520	1	87,043	1	84,545	1
1780	Intangible assets	6(9)	23,216	-	12,004	-	12,214	-
1840	Deferred income tax assets	6(26)	38,505	1	69,459	1	57,856	1
1900	Other non-current assets	6(7)(10) and 8	80,668	1	41,656	1	113,589	2
15XX	<b>Total non-current assets</b>		<u>4,181,123</u>	<u>44</u>	<u>3,516,520</u>	<u>44</u>	<u>2,073,170</u>	<u>30</u>
1XXX	<b>Total assets</b>		<u>\$ 9,418,333</u>	<u>100</u>	<u>\$ 8,037,116</u>	<u>100</u>	<u>\$ 6,862,595</u>	<u>100</u>

(Continued)

**CHENBRO MICOM CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**JUNE 30, 2021, DECEMBER 31, 2020 AND JUNE 30, 2020**  
(Expressed in thousands of New Taiwan dollars)  
(The balance sheets as of June 30, 2021 and 2020 are reviewed, not audited)

Liabilities and Equity		Notes	June 30, 2021		December 31, 2020		June 30, 2020	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
<b>Current liabilities</b>								
2100	Short-term borrowings	6(11)	\$ 1,312,432	14	\$ 849,069	11	\$ 175,599	2
2130	Current contract liabilities	6(20)	17,816	-	7,113	-	8,121	-
2150	Notes payable		846	-	-	-	4,442	-
2170	Accounts payable		2,359,945	25	1,969,236	25	1,893,671	28
2180	Accounts payable - related parties	7	1,496	-	822	-	1,239	-
2200	Other payables	6(13) and 7	797,046	8	967,636	12	1,213,476	18
2230	Current income tax liabilities		50,590	1	92,527	1	108,957	2
2280	Current lease liabilities		10,095	-	9,967	-	8,287	-
2300	Other current liabilities	6(12)	11,015	-	11,437	-	11,319	-
21XX	<b>Total current liabilities</b>		<u>4,561,281</u>	<u>48</u>	<u>3,907,807</u>	<u>49</u>	<u>3,425,111</u>	<u>50</u>
<b>Non-current liabilities</b>								
2540	Long-term borrowings	6(12)	1,035,893	11	106,305	1	114,250	2
2570	Deferred income tax liabilities	6(26)	12,021	-	16,587	-	8,050	-
2580	Non-current lease liabilities		23,732	-	24,936	-	24,554	-
2600	Other non-current liabilities	6(14)	31,277	1	31,439	1	28,535	-
25XX	<b>Total non-current liabilities</b>		<u>1,102,923</u>	<u>12</u>	<u>179,267</u>	<u>2</u>	<u>175,389</u>	<u>2</u>
2XXX	<b>Total liabilities</b>		<u>5,664,204</u>	<u>60</u>	<u>4,087,074</u>	<u>51</u>	<u>3,600,500</u>	<u>52</u>
<b>Share capital</b>								
3110	Common stock	6(16)	1,208,610	13	1,209,260	15	1,197,260	18
<b>Capital surplus</b>								
3200	Capital surplus	6(17)	146,419	1	145,769	1	48,209	1
<b>Retained earnings</b>								
3310	Legal reserve	6(18)	817,355	9	719,881	9	719,881	11
3320	Special reserve		260,504	3	224,552	3	224,552	3
3350	Unappropriated retained earnings		1,665,065	18	1,978,653	25	1,399,544	20
<b>Other equity interest</b>								
3400	Other equity interest	6(19)	( 364,204)	( 4)	( 348,763)	( 4)	( 341,202)	( 5)
31XX	<b>Equity attributable to owners of the parent</b>		<u>3,733,749</u>	<u>40</u>	<u>3,929,352</u>	<u>49</u>	<u>3,248,244</u>	<u>48</u>
36XX	<b>Non-controlling interests</b>		<u>20,380</u>	<u>-</u>	<u>20,690</u>	<u>-</u>	<u>13,851</u>	<u>-</u>
3XXX	<b>Total equity</b>		<u>3,754,129</u>	<u>40</u>	<u>3,950,042</u>	<u>49</u>	<u>3,262,095</u>	<u>48</u>
3X2X	<b>Total liabilities and equity</b>		<u>\$ 9,418,333</u>	<u>100</u>	<u>\$ 8,037,116</u>	<u>100</u>	<u>\$ 6,862,595</u>	<u>100</u>

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

**CHENBRO MICOM CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**SIX MONTHS ENDED JUNE 30, 2021 AND 2020**  
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)  
(UNAUDITED)

Items	Notes	Three months ended June 30		Six months ended June 30		2021		2020	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(20) and 7	\$ 2,338,238	100	\$ 2,198,836	100	\$ 4,157,165	100	\$ 3,536,111	100
5000 Operating costs	6(6)(25) and 7	( 1,862,633)	( 80)	( 1,627,547)	( 74)	( 3,288,207)	( 79)	( 2,617,703)	( 74)
5950 Net operating margin		475,605	20	571,289	26	868,958	21	918,408	26
Operating expenses	6(25) and 7								
6100 Selling expenses		( 72,905)	( 3)	( 78,130)	( 3)	( 147,945)	( 3)	( 154,185)	( 4)
6200 General and administrative expenses		( 96,766)	( 4)	( 111,657)	( 5)	( 196,886)	( 5)	( 209,576)	( 6)
6300 Research and development expenses		( 53,467)	( 2)	( 56,449)	( 3)	( 106,509)	( 3)	( 103,948)	( 3)
6450 Expected credit impairment loss	12(2)	1,709	-	1,069	-	1,130	-	934	-
6000 Total operating expenses		( 221,429)	( 9)	( 245,167)	( 11)	( 450,210)	( 11)	( 466,775)	( 13)
6900 Operating profit		254,176	11	326,122	15	418,748	10	451,633	13
Non-operating income and expenses									
7100 Interest income	6(3)(21)	5,344	-	5,564	-	10,697	-	12,560	-
7010 Other income	6(22)	2,275	-	53,284	2	5,726	-	66,181	2
7020 Other gains and losses	6(23)	( 24,892)	( 1)	( 33,657)	( 1)	( 30,558)	( 1)	( 15,127)	( 1)
7050 Finance costs	6(24)	( 2,990)	-	( 1,642)	-	( 7,551)	-	( 3,310)	-
7000 Total non-operating income and expenses		( 20,263)	( 1)	23,549	1	( 21,686)	( 1)	60,304	1
7900 Profit before income tax		233,913	10	349,671	16	397,062	9	511,937	14
7950 Income tax expense	6(26)	( 56,336)	( 2)	( 90,154)	( 4)	( 93,890)	( 2)	( 117,460)	( 3)
8200 Profit for the period		\$ 177,577	8	\$ 259,517	12	\$ 303,172	7	\$ 394,477	11

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**CHENBRO MICOM CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**SIX MONTHS ENDED JUNE 30, 2021 AND 2020**  
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)  
(UNAUDITED)

		Three months ended June 30				Six months ended June 30			
		2021		2020		2021		2020	
Items	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
<b>Other comprehensive income</b>									
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>									
8316	Unrealised losses from investments in equity instruments measured at fair value through other comprehensive income	6(2)(19)							
		\$ 5,493	-	(\$ 3,607)	-	\$ 3,982	-	(\$ 4,665)	-
8310	Other comprehensive income (loss) that will not be reclassified to profit or loss								
		5,493	-	( 3,607)	-	3,982	-	( 4,665)	-
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>									
8361	Financial statements translation differences of foreign operations	6(19)							
		( 25,658)	( 1)	( 36,369)	( 2)	( 45,726)	( 1)	( 62,851)	( 2)
8399	Income tax relating to the components of other comprehensive income	6(19)(26)							
		931	-	( 14,015)	( 1)	4,349	-	( 49,134)	( 1)
8360	Other comprehensive loss that will be reclassified to profit or loss								
		( 24,727)	( 1)	( 50,384)	( 3)	( 41,377)	( 1)	( 111,985)	( 3)
8300	<b>Total other comprehensive loss for the period</b>								
		(\$ 19,234)	( 1)	(\$ 53,991)	( 3)	(\$ 37,395)	( 1)	(\$ 116,650)	( 3)
8500	<b>Total comprehensive income for the period</b>								
		\$ 158,343	7	\$ 205,526	9	\$ 265,777	6	\$ 277,827	8
Profit attributable to:									
8610	Owners of the parent								
		\$ 177,702	8	\$ 260,666	12	\$ 303,482	7	\$ 395,626	11
8620	Non-controlling interest								
		( 125)	-	( 1,149)	-	( 310)	-	( 1,149)	-
		\$ 177,577	8	\$ 259,517	12	\$ 303,172	7	\$ 394,477	11
Comprehensive income attributable to:									
8710	Owners of the parent								
		\$ 158,468	7	\$ 206,675	9	\$ 266,087	6	\$ 278,976	8
8720	Non-controlling interest								
		( 125)	-	( 1,149)	-	( 310)	-	( 1,149)	-
		\$ 158,343	7	\$ 205,526	9	\$ 265,777	6	\$ 277,827	8
Earnings per share (in dollars)									
9750	Basic earnings per share	6(27)							
		\$ 1.48		\$ 2.18		\$ 2.53		\$ 3.30	
9850	Diluted earnings per share								
		\$ 1.48		\$ 2.17		\$ 2.51		\$ 3.28	

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

CHENBRO MICOM CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
SIX MONTHS ENDED JUNE 30, 2021 AND 2020  
(Expressed in thousands of New Taiwan dollars)  
(UNAUDITED)

		Equity attributable to owners of the parent											
		Capital Reserves			Retained Earnings			Other Equity Interest					

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



CHENBRO MICOM CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
SIX MONTHS ENDED JUNE 30, 2021 AND 2020

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

	Notes	Six months ended June 30	
		2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		\$ 397,062	\$ 511,937
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit impairment gain	12(2)	( 1,130 )	( 934 )
Depreciation	6(7)(8)(25)	158,264	98,203
Amortization	6(9)(25)	6,282	2,388
Interest expense	6(24)	7,551	3,310
Interest income	6(3)(21)	( 10,697 )	( 12,560 )
Loss (gain) on disposal of property, plant and equipment	6(23)	609	( 53 )
Gains arising from lease modifications	6(8)(23)	( 30 )	-
Share-based payments	6(15)	21,954	-
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		50	523
Accounts receivable	(	413,387 )	( 230,953 )
Other receivables		5,973	29,532
Inventories	(	372,104 )	( 113,499 )
Prepayments	(	98,230 )	( 42,736 )
Other current assets		1,551	( 4,702 )
Changes in operating liabilities			
Current contract assets		10,703	1,496
Notes payable		846	4,442
Accounts payable		390,709	142,297
Accounts payable - related parties		674	( 3,373 )
Other payables		36,601	( 10,399 )
Other current liabilities	(	399 )	989
Other non-current liabilities	(	154 )	( 102 )
Cash inflow generated from operations		142,698	375,806
Interest received		5,798	10,647
Interest paid	(	7,309 )	( 3,618 )
Income tax paid	(	104,621 )	( 293,204 )
Net cash flows from operating activities		36,566	89,631

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CHENBRO MICOM CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
SIX MONTHS ENDED JUNE 30, 2021 AND 2020

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

	Notes	Six months ended June 30	
		2021	2020
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Acquisition of financial assets at amortised cost		\$ -	(\$ 1,294,384 )
Proceeds from disposal of financial assets at amortised cost		-	1,965,778
Acquisition of property, plant and equipment	6(28)	( 1,067,613 )	( 101,304 )
Proceeds from disposal of property, plant and equipment		72	66
Acquisition of intangible assets	6(9)(28)	( 11,141 )	( 4,488 )
Increase in other non-current assets		( 4,453 )	( 8,273 )
Net cash flows (used in) from investing activities		( 1,083,135 )	557,395
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Proceeds from short-term borrowings	6(29)	4,230,109	390,503
Repayment of short-term borrowings	6(29)	( 3,763,691 )	( 272,712 )
Proceeds from long-term borrowings (including current portion)	6(29)	935,440	-
Repayment of long-term borrowings (including current portion)	6(29)	( 2,880 )	( 3,052 )
Payment of the principal of lease liabilities	6(8)(29)	( 5,316 )	( 3,007 )
Decrease in guarantee deposits received	6(29)	( 8 )	( 16 )
Cash dividends paid to shareholders	6(18)	( 483,644 )	-
Non-controlling interests cash inflow from establishment and capital increase of a subsidiary		-	15,000
Net cash flows from financing activities		910,010	126,716
Effect on foreign exchange difference		( 25,019 )	( 28,202 )
Net (decrease) increase in cash and cash equivalents		( 161,578 )	745,540
Cash and cash equivalents at beginning of period	6(1)	1,216,174	988,565
Cash and cash equivalents at end of period	6(1)	\$ 1,054,596	\$ 1,734,105

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

CHENBRO MICOM CO., LTD. AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
SIX MONTHS ENDED JUNE 30, 2021 AND 2020

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

(REVIEWED, NOT AUDITED)

1. HISTORY AND ORGANISATION

Chenbro Micom Co., Ltd. was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) in December 1983. The Company and its subsidiaries (collectively referred herein as the “Group”) are primarily engaged in computer software design, export and import of computer products and peripherals, and design, manufacturing, processing and trading of computer peripherals and system of expendables.

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

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

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 4, ‘Extension of the temporary exemption from applying IFRS 9’	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, ‘Interest Rate Benchmark Reform - Phase 2’	January 1, 2021
Amendment to IFRS 16, ‘Covid-19-related rent concessions beyond June 30, 2021’	April 1, 2021

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendment to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendment to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendment to IAS 37, 'Onerous contracts – cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018-2020	January 1, 2022

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2020, except for the compliance statement, basis of preparation, basis of consolidation and additional policies as set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

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

(2) Basis of preparation

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

(3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements:
- The basis for preparation of consolidated financial statements is the same as the consolidated financial statements for the year ended December 31, 2020.
- B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			June 30, 2021	December 31, 2020	June 30, 2020	
Chenbro Micom Co., Ltd.	Micom Source Holding Company	Holding company	100	100	100	
Chenbro Micom Co., Ltd.	Chenbro Micom (USA) Incorporation	General trading company	100	100	100	
Chenbro Micom Co., Ltd.	CLOUDWELL HOLDINGS, LLC.	Real estate leasing company	100	100	100	Note 6
Chenbro Micom Co., Ltd.	Chenbro GmbH	General trading company	100	100	100	Note 6

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			June 30, 2021	December 31, 2020	June 30, 2020	
Chenbro Micom Co., Ltd.	Edge International Company Limited	Trading/Order taking company	-	-	100	Notes 2 and 6
Chenbro Micom Co., Ltd.	Chen-Feng Precision Co., Ltd.	Manufacturing of NCT	70	70	70	Notes 3 and 6
Micom Source Holding Company	Cloud International Company Limited	Holding company	-	-	-	Notes 4 and 6
Micom Source Holding Company	AMAC International Company	Holding company	100	100	100	Note 6
Micom Source Holding Company	AMBER International Company	Holding company	100	100	100	
Micom Source Holding Company	ADEPT International Company	Holding company	100	100	100	Note 5
AMBER International Company	Chenbro Technology (Kunshan) Co., Ltd.	Manufacturing of computer cases	100	100	100	
AMBER International Company	ChenPower Information Technology (Shanghai) Co., Ltd.	General trading company	100	100	100	
ADEPT International Company	PROCASE & MOREX Corporation	Trading / Order taking company	100	100	100	
PROCASE & MOREX Corporation	Dongguan Procace Electronic Co., Ltd.	Manufacturing of computer cases	88	88	88	
AMAC International Company	Dongguan Procace Electronic Co., Ltd.	Manufacturing of computer cases	12	12	12	

Note 1: Insignificant subsidiaries were consolidated in the statements based on the subsidiaries' unreviewed financial statements. On June 30, 2021 and 2020, the insignificant subsidiaries have total assets in the amounts of \$359,450 and \$462,713, and total

liabilities in the amounts of \$148,046 and \$191,719, respectively. For the three months and six months ended June 30, 2021 and 2020, the amounts of comprehensive (loss) income were (\$6,624), \$5,396, (\$11,457) and \$16, respectively.

Note 2: Edge International Company Limited was established on December 31, 2019. The funds were in place in February 2020, but the company was dissolved under the resolution of the Board of Directors on May 12, 2020. The liquidation was completed in October 2020.

Note 3: Chen-Feng Precision Co., Ltd. was established on March 16, 2020. In addition, the investee increased its capital in November 2020. The Company participated in the capital increase proportionately to its ownership in the amount of \$21,000 as resolved by the Board of Directors. The process was completed in December 2020.

Note 4: On June 25, 2019, Cloud International Company Limited was dissolved under the resolution of the Board of Directors, and the liquidation was completed in April 2020.

Note 5: On May 12, 2020, ADEPT International Company was dissolved under the resolution of the Board of Directors.

Note 6: The financial statements of the entity as of and for the six months ended June 30, 2021 and 2020 were not reviewed by independent auditors as the entity did not meet the definition of a significant subsidiary.

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

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

E. Significant restrictions: None.

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

#### (4) Employee benefits

Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year under a defined benefit plan.

#### (5) Income tax

The interim period income tax expense is recognised based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

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

The preparation of these consolidated financial statements does not require management to make critical judgements in applying the Group's accounting policies. The management makes critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying

amounts of assets and liabilities within the next financial year; and the related information is addressed below:

The Group's inventories are stated at the lower of cost and net realisable value. There might be material changes to the evaluation of inventory value as the technology changes rapidly, the items of the inventory in the balance sheet date are numerous, and the identification of obsolete inventory and determination of net realisable value are subject to management's judgement.

As of June 30, 2021, the carrying amount of inventories was \$1,798,296.

## 6. DETAILS OF SIGNIFICANT ACCOUNTS

### (1) Cash and cash equivalents

	June 30, 2021	December 31, 2020	June 30, 2020
Petty cash and cash on hand	\$ 1,151	\$ 266	\$ 534
Demand deposits	56,957	166,830	167,716
Checking account deposits	130,793	171,524	85,782
Time deposits (including foreign currencies)	113,060	9,760	58,387
Foreign currency deposits	752,635	867,794	1,421,686
	<u>\$ 1,054,596</u>	<u>\$ 1,216,174</u>	<u>\$ 1,734,105</u>

- A. The Group associates with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
- B. The Group has reclassified restricted cash and cash equivalents to 'current financial assets at amortised cost', 'non-current financial assets at amortised cost', 'other current assets' and 'other non-current assets'. Details are provided in Note 8.

### (2) Financial assets at fair value through other comprehensive income

Items	June 30, 2021	December 31, 2020	June 30, 2020
Non-current items:			
Equity instruments			
Unlisted stocks	<u>\$ 32,178</u>	<u>\$ 28,196</u>	<u>\$ 23,793</u>

- A. The Group has elected to classify stock investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$32,178, \$28,196 and \$23,793 as at June 30, 2021, December 31, 2020 and June 30, 2020, respectively.
- B. For the three months ended June 30, 2021 and 2020 and six months ended June 30, 2021 and 2020, the amount recognised in other comprehensive income in relation to the financial assets at fair value through other comprehensive income was \$5,493, (\$3,607), \$3,982 and (\$4,605), respectively.
- C. As at June 30, 2021, December 31, 2020 and June 30, 2020, the maximum exposure to credit risk



in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group was \$32,178, \$28,196 and \$23,793, respectively.

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

(3) Financial assets at amortised cost

Items	June 30, 2021	December 31, 2020	June 30, 2020
Current items:			
Pledged bank deposits (including time deposits)	\$ 3,000	\$ 3,000	\$ -
Non-current items:			
Time deposits	\$ 215,500	\$ 219,000	\$ 209,500
Pledged bank deposits (including time deposits)	2,884	2,946	6,063
	<u>\$ 218,384</u>	<u>\$ 221,946</u>	<u>\$ 215,563</u>

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

	Three months ended June 30,	
	2021	2020
Interest income	<u>\$ 2,327</u>	<u>\$ 2,054</u>
	Six months ended June 30,	
	2021	2020
Interest income	<u>\$ 4,661</u>	<u>\$ 6,883</u>

B. As at June 30, 2021, December 31, 2020 and June 30, 2020, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group was \$221,384, \$224,946 and \$215,563, respectively.

C. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2).

D. Information on financial assets at amortised cost pledged to others is provided in Note 8.

(4) Accounts and notes receivable

	June 30, 2021	December 31, 2020	June 30, 2020
Notes receivable	<u>\$ 871</u>	<u>\$ 921</u>	<u>\$ 503</u>
Accounts receivable	\$ 2,167,284	\$ 1,753,897	\$ 1,869,067
Less: Allowance for uncollectible accounts	( 1,143)	( 2,292)	( 969)
	<u>\$ 2,166,141</u>	<u>\$ 1,751,605</u>	<u>\$ 1,868,098</u>

A. The ageing analysis of accounts and notes receivable is as follows:

	June 30, 2021		December 31, 2020	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	\$ 1,939,972	\$ 871	\$ 1,548,932	\$ 921
Up to 30 days	203,271	-	138,764	-
31 to 90 days	17,341	-	54,167	-
91 to 180 days	5,562	-	12,034	-
Over 181 days	1,138	-	-	-
	<u>\$ 2,167,284</u>	<u>\$ 871</u>	<u>\$ 1,753,897</u>	<u>\$ 921</u>

  

	June 30, 2020	
	Accounts receivable	Notes receivable
Not past due	\$ 1,701,419	\$ 503
Up to 30 days	152,097	-
31 to 90 days	7,808	-
91 to 180 days	7,294	-
Over 181 days	449	-
	<u>\$ 1,869,067</u>	<u>\$ 503</u>

The above ageing analysis was based on past due date.

B. As of June 30, 2021, December 31, 2020, June 30, 2020 and January 1, 2020, the balances of receivables (including notes receivable) from contracts with customers amounted to \$2,168,155, \$1,754,818, \$1,869,570 and \$1,639,140, respectively.

C. The Group does not hold any collateral as security as at June 30, 2021, December 31, 2020 and June 30, 2020, and the maximum exposure to credit risk in respect of the amount that best represents the Group's notes receivable was \$871, \$921 and \$503 and accounts receivable was \$2,166,141, \$1,751,605 and \$1,868,098, respectively.

D. Information relating to credit risk is provided in Note 12(2).

(5) Transfer of financial assets

A. The Group entered into a factoring agreement with banks to sell its accounts receivable. Under the agreement, the Group is not obligated to bear the default risk of the transferred accounts receivable, but is liable for the losses incurred on any business dispute. The Group does not have any continuing involvement in the transferred accounts receivable. The financial assets meet the condition of derecognition. The Group decreased the estimated amount of business dispute and derecognised the transferred accounts receivable. As of June 30, 2021, December 31, 2020 and June 30, 2020, the related information is as follows:

June 30, 2021							
Purchaser of accounts receivable	Accounts receivable transferred (Note)	Amount derecognised	Facilities	Amount advanced	Amount available for advance	Interest rate of amount advanced	Footnote
Chang Hwa Bank	\$ 14,896	\$ 14,896	\$ 20,000	\$ -	\$ -	\$ -	-

December 31, 2020							
Purchaser of accounts receivable	Accounts receivable transferred (Note)	Amount derecognised	Facilities	Amount advanced	Amount available for advance	Interest rate of amount advanced	Footnote
Chang Hwa Bank	\$ 2,738	\$ 2,738	\$ 20,000	\$ -	\$ -	\$ -	-

June 30, 2020							
Purchaser of accounts receivable	Accounts receivable transferred (Note)	Amount derecognised	Facilities	Amount advanced	Amount available for advance	Interest rate of amount advanced	Footnote
Chang Hwa Bank	\$ 16,215	\$ 16,215	\$ 20,000	\$ -	\$ -	\$ -	-

Note: Shown as 'other receivables'.

B. The finance costs of the Group for the three months ended June 30, 2021 and 2020 and six months ended June 30, 2021 and 2020 were \$17, \$15, \$26 and \$24, respectively.

(6) Inventories

June 30, 2021			
	Cost	Allowance for valuation loss and obsolete and slow-moving inventories	Book value
Raw materials	\$ 488,591	(\$ 40,687)	\$ 447,904
Semi-finished goods	202,831	( 17,714)	185,117
Work in process	245,827	( 1,819)	244,008
Finished goods	987,192	( 65,925)	921,267
	<u>\$ 1,924,441</u>	<u>(\$ 126,145)</u>	<u>\$ 1,798,296</u>

December 31, 2020			
		Allowance for valuation loss and obsolete and slow- moving inventories	Book value
	Cost		
Raw materials	\$ 267,242	(\$ 14,939)	\$ 252,303
Semi-finished goods	136,546	( 10,437)	126,109
Work in process	165,249	( 1,805)	163,444
Finished goods	969,323	( 81,453)	887,870
	<u>\$ 1,538,360</u>	<u>(\$ 108,634)</u>	<u>\$ 1,429,726</u>
June 30, 2020			
		Allowance for valuation loss and obsolete and slow- moving inventories	Book value
	Cost		
Raw materials	\$ 259,142	(\$ 24,217)	\$ 234,925
Semi-finished goods	130,697	( 11,029)	119,668
Work in process	155,798	( 4,094)	151,704
Finished goods	597,662	( 48,125)	549,537
	<u>\$ 1,143,299</u>	<u>(\$ 87,465)</u>	<u>\$ 1,055,834</u>

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

Three months ended June 30,			
	2021	2020	
Cost of goods sold	\$ 1,861,021	\$ 1,652,379	
Sale of scraps	( 6,100)	( 3,265)	
Loss on (gain on reversal of) decline in market value	7,766	( 21,066)	
Gain on physical inventory	( 54)	( 501)	
	<u>\$ 1,862,633</u>	<u>\$ 1,627,547</u>	
Six months ended June 30,			
	2021	2020	
Cost of goods sold	\$ 3,281,698	\$ 2,671,247	
Sale of scraps	( 13,391)	( 3,703)	
Loss on (gain on reversal of) decline in market value	19,954	( 49,243)	
Gain on physical inventory	( 54)	( 598)	
	<u>\$ 3,288,207</u>	<u>\$ 2,617,703</u>	

The Group reversed a previous inventory write-down because certain slow-moving inventories which were previously provided with allowance were subsequently sold.

B. The Group has no inventories pledged to others.

(7) Property, plant and equipment

	Land	Buildings and structures	Machinery and equipment	Mold equipment	Computer communication equipment	Testing equipment	Transportation equipment	Office equipment	Others	Unfinished construction and equipment under acceptance	Total	Prepayments for facilities (Note)
<u>At January 1, 2021</u>												
Cost	\$ 1,335,410	\$ 1,738,155	\$ 621,473	\$ 490,241	\$ 36,308	\$ 30,211	\$ 25,105	\$ 60,756	\$ 49,943	\$ 151,562	\$ 4,539,164	\$ 11,194
Accumulated depreciation and impairment	-	( 637,056)	( 362,849)	( 361,065)	( 25,146)	( 20,566)	( 18,405)	( 34,292)	( 23,569)	-	( 1,482,948)	-
	<u>\$ 1,335,410</u>	<u>\$ 1,101,099</u>	<u>\$ 258,624</u>	<u>\$ 129,176</u>	<u>\$ 11,162</u>	<u>\$ 9,645</u>	<u>\$ 6,700</u>	<u>\$ 26,464</u>	<u>\$ 26,374</u>	<u>\$ 151,562</u>	<u>\$ 3,056,216</u>	<u>\$ 11,194</u>
<u>2021</u>												
Opening net book amount	\$ 1,335,410	\$ 1,101,099	\$ 258,624	\$ 129,176	\$ 11,162	\$ 9,645	\$ 6,700	\$ 26,464	\$ 26,374	\$ 151,562	\$ 3,056,216	\$ 11,194
Additions	-	10,017	2,758	92,966	588	150	-	5,097	2,292	696,558	810,426	44,224
Disposals	-	( 40)	( 615)	-	-	( 3)	-	( 18)	( 5)	-	( 681)	-
Transfers (Note)	-	94,286	6,656	3,533	-	-	-	40,888	5,559	( 138,663)	12,259	( 8,725)
Depreciation charges	-	( 45,096)	( 20,390)	( 71,434)	( 1,732)	( 1,991)	( 1,166)	( 6,149)	( 4,707)	-	( 152,665)	-
Effects of foreign exchange	( 1,446)	( 13,934)	( 3,557)	( 2,258)	( 33)	( 77)	( 114)	( 224)	( 215)	( 45)	( 21,903)	( 52)
Closing net book amount	<u>\$ 1,333,964</u>	<u>\$ 1,146,332</u>	<u>\$ 243,476</u>	<u>\$ 151,983</u>	<u>\$ 9,985</u>	<u>\$ 7,724</u>	<u>\$ 5,420</u>	<u>\$ 66,058</u>	<u>\$ 29,298</u>	<u>\$ 709,412</u>	<u>\$ 3,703,652</u>	<u>\$ 46,641</u>
<u>At June 30, 2021</u>												
Cost	\$ 1,333,964	\$ 1,816,264	\$ 620,023	\$ 610,905	\$ 36,612	\$ 30,186	\$ 24,770	\$ 105,582	\$ 57,187	\$ 709,412	\$ 5,344,905	\$ 46,641
Accumulated depreciation and impairment	-	( 669,932)	( 376,547)	( 458,922)	( 26,627)	( 22,462)	( 19,350)	( 39,524)	( 27,889)	-	( 1,641,253)	-
	<u>\$ 1,333,964</u>	<u>\$ 1,146,332</u>	<u>\$ 243,476</u>	<u>\$ 151,983</u>	<u>\$ 9,985</u>	<u>\$ 7,724</u>	<u>\$ 5,420</u>	<u>\$ 66,058</u>	<u>\$ 29,298</u>	<u>\$ 709,412</u>	<u>\$ 3,703,652</u>	<u>\$ 46,641</u>

Note: Prepayments for business facilities are shown as ‘other non-current assets’. Details are provided in Note 6(10).

- The significant components of buildings include buildings and accessory equipment of buildings, which are depreciated over 10~50 years and 5~11 years, respectively.
- Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.
- The net difference of the transfers for this period resulted from transferring mold equipment made for customers from inventories amounting to \$3,534.
- Amount of borrowing costs capitalised as part of property, plant and equipment and the range of the interest rates for such capitalisation are as follows:

	Six months ended June 30,	
	2021	2020
Amount capitalised	\$ 1,035	-
Range of the interest rates for capitalisation	0.4% ~ 1%	-

	Land	Buildings and structures	Machinery and equipment	Mold equipment	Computer communication equipment	Testing equipment	Transportation equipment	Office equipment	Others	Unfinished construction and equipment under acceptance	Total	Prepayments for land and facilities (Note)
<u>At January 1, 2020</u>												
Cost	\$ 210,674	\$ 1,570,573	\$ 527,210	\$ 437,021	\$ 26,956	\$ 29,672	\$ 26,688	\$ 59,083	\$ 41,670	\$ 8,069	\$ 2,937,616	\$ 80,182
Accumulated depreciation and impairment	-	( 608,372)	( 320,438)	( 325,037)	( 23,803)	( 19,605)	( 16,928)	( 41,913)	( 22,709)	-	( 1,378,805)	-
	<u>\$ 210,674</u>	<u>\$ 962,201</u>	<u>\$ 206,772</u>	<u>\$ 111,984</u>	<u>\$ 3,153</u>	<u>\$ 10,067</u>	<u>\$ 9,760</u>	<u>\$ 17,170</u>	<u>\$ 18,961</u>	<u>\$ 8,069</u>	<u>\$ 1,558,811</u>	<u>\$ 80,182</u>
<u>2020</u>												
Opening net book amount	\$ 210,674	\$ 962,201	\$ 206,772	\$ 111,984	\$ 3,153	\$ 10,067	\$ 9,760	\$ 17,170	\$ 18,961	\$ 8,069	\$ 1,558,811	\$ 80,182
Additions	-	16,626	38,491	5,390	261	2,945	-	1,476	5,552	678	71,419	38,203
Disposals	-	-	( 3)	-	-	( 4)	-	( 5)	( 1)	-	( 13)	-
Transfers (Note)	-	-	29,820	38,194	-	621	-	( 423)	-	( 5,593)	62,619	( 30,442)
Effects of foreign exchange	( 816)	( 21,551)	( 6,208)	( 3,348)	( 23)	( 137)	( 171)	( 364)	( 443)	( 144)	( 33,205)	( 361)
Depreciation charges	-	( 38,604)	( 16,543)	( 29,421)	( 813)	( 1,971)	( 1,129)	( 3,125)	( 2,415)	-	( 94,021)	-
Closing net book amount	<u>\$ 209,858</u>	<u>\$ 918,672</u>	<u>\$ 252,329</u>	<u>\$ 122,799</u>	<u>\$ 2,578</u>	<u>\$ 11,521</u>	<u>\$ 8,460</u>	<u>\$ 14,729</u>	<u>\$ 21,654</u>	<u>\$ 3,010</u>	<u>\$ 1,565,610</u>	<u>\$ 87,582</u>
<u>At June 30, 2020</u>												
Cost	\$ 209,858	\$ 1,551,623	\$ 580,232	\$ 456,085	\$ 27,059	\$ 32,932	\$ 26,091	\$ 56,770	\$ 46,297	\$ 3,010	\$ 2,989,957	\$ 87,582
Accumulated depreciation and impairment	-	( 632,951)	( 327,903)	( 333,286)	( 24,481)	( 21,411)	( 17,631)	( 42,041)	( 24,643)	-	( 1,424,347)	-
	<u>\$ 209,858</u>	<u>\$ 918,672</u>	<u>\$ 252,329</u>	<u>\$ 122,799</u>	<u>\$ 2,578</u>	<u>\$ 11,521</u>	<u>\$ 8,460</u>	<u>\$ 14,729</u>	<u>\$ 21,654</u>	<u>\$ 3,010</u>	<u>\$ 1,565,610</u>	<u>\$ 87,582</u>

Note: Prepayments for buildings and business facilities are shown as 'other non-current assets'. Details are provided in Note 6(10)

- A. The significant components of buildings include buildings and accessory equipment of buildings, which are depreciated over 10~50 years and 5~11 years, respectively.
- B. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

The net difference of the transfers for this period resulted from transferring mold equipment made for customers from inventories amounting to \$32,177.

(8) Leasing arrangements - lessee

- A. The Group leases various assets including land, office, warehouse, business vehicles, parking spaces, printers and landscaping, etc. Rental contracts are typically made for periods of 3 months to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.
- B. Short-term leases with a lease term of 12 months or less pertain to parking spaces and offices. Low-value assets pertain to coffee machine, printers and landscaping.
- C. The carrying amounts of right-of-use assets and the depreciation charge are as follows:

	June 30, 2021	December 31, 2020	June 30, 2020
	Carrying amount	Carrying amount	Carrying amount
Land	\$ 50,958	\$ 52,314	\$ 51,960
Buildings	23,988	30,275	27,949
Transportation equipment	7,054	3,242	3,465
Others	2,520	1,212	1,171
	<u>\$ 84,520</u>	<u>\$ 87,043</u>	<u>\$ 84,545</u>

  

	Three months ended June 30,	
	2021	2020
	Depreciation charge	Depreciation charge
Land	\$ 237	\$ 231
Buildings	1,715	1,824
Transportation equipment	759	496
Others	135	220
	<u>\$ 2,846</u>	<u>\$ 2,771</u>

  

	Six months ended June 30,	
	2020	2019
	Depreciation charge	Depreciation charge
Land	\$ 476	\$ 466
Buildings	3,664	2,475
Transportation equipment	1,161	1,021
Others	298	220
	<u>\$ 5,599</u>	<u>\$ 4,182</u>

- D. For the three months ended June 30, 2021 and 2020 and six months ended June 30, 2021 and 2020, the additions to right-of-use assets were \$4,498, \$30,290, \$6,703 and \$31,082, respectively.



E. Information on profit or loss in relation to lease contracts is as follows:

	Three months ended June 30,	
	2021	2020
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	195	160
Expense on short-term lease contracts	2,376	1,905
Expense on leases of low-value assets	247	101
Expense on variable lease payments	603	833
Gain on lease modification	30	-
	Six months ended June 30,	
	2021	2020
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	379	219
Expense on short-term lease contracts	4,678	3,726
Expense on leases of low-value assets	546	196
Expense on variable lease payments	1,264	1,707
Gain on lease modification	30	-

F. The Group early terminated the building leasing contract in April 2021. Right-of-use assets and lease liabilities have decreased by \$2,433 and \$2,463, respectively, and the gain on lease modification of \$30 was recognised.

G. For the six months ended June 30, 2021 and 2020, the Group's total cash outflow for leases was \$12,183 and \$8,855 (of which \$5,316 and \$3,007 represents payments of the principal of lease liabilities), respectively.

H. Variable lease payments

Some of the Group's lease contracts contain variable lease payment terms that are determined and recognised as expense based on the actual usage during the period.

I. Extension and termination options

In determining the lease term, the Group takes into consideration all facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option. The assessment of lease period is reviewed if a significant event occurs which affects the assessment.

(9) Intangible assets

	<u>Trademarks</u>	<u>Computer software</u>	<u>Patents</u>	<u>Total</u>
<u>At January 1, 2021</u>				
Cost	\$ 579	\$ 44,154	\$ 2,576	\$ 47,309
Accumulated amortisation	( 424)	( 33,711)	( 1,170)	( 35,305)
	<u>\$ 155</u>	<u>\$ 10,443</u>	<u>\$ 1,406</u>	<u>\$ 12,004</u>
<u>2021</u>				
At January 1	\$ 155	\$ 10,443	\$ 1,406	\$ 12,004
Additions	15	15,231	45	15,291
Transfers (Note)	-	2,320	-	2,320
Amortisation charge	( 23)	( 5,350)	( 909)	( 6,282)
Effects of foreign exchange	-	( 117)	-	( 117)
At June 30	<u>\$ 147</u>	<u>\$ 22,527</u>	<u>\$ 542</u>	<u>\$ 23,216</u>
<u>At June 30, 2021</u>				
Cost	\$ 594	\$ 50,207	\$ 2,621	\$ 53,422
Accumulated amortisation	( 447)	( 27,680)	( 2,079)	( 30,206)
	<u>\$ 147</u>	<u>\$ 22,527</u>	<u>\$ 542</u>	<u>\$ 23,216</u>

Note: Transferred from prepayments for intangible assets (shown as 'other non-current assets').

	<u>Trademarks</u>	<u>Computer software</u>	<u>Patents</u>	<u>Total</u>
<u>At January 1, 2020</u>				
Cost	\$ 576	\$ 41,868	\$ 884	\$ 43,328
Accumulated amortisation	( 377)	( 32,069)	( 547)	( 32,993)
	<u>\$ 199</u>	<u>\$ 9,799</u>	<u>\$ 337</u>	<u>\$ 10,335</u>
<u>2020</u>				
At January 1	\$ 199	\$ 9,799	\$ 337	\$ 10,335
Additions	-	4,488	-	4,488
Amortisation charge	( 23)	( 2,331)	( 34)	( 2,388)
Effects of foreign exchange	-	( 221)	-	( 221)
At June 30	<u>\$ 176</u>	<u>\$ 11,735</u>	<u>\$ 303</u>	<u>\$ 12,214</u>
<u>At June 30, 2020</u>				
Cost	\$ 576	\$ 41,705	\$ 884	\$ 43,165
Accumulated amortisation	( 400)	( 29,970)	( 581)	( 30,951)
	<u>\$ 176</u>	<u>\$ 11,735</u>	<u>\$ 303</u>	<u>\$ 12,214</u>

Details of amortisation on intangible assets are as follows:

	Three months ended June 30,	
	2021	2020
Manufacturing cost	\$ 339	\$ 539
Selling expenses	158	21
Administrative expenses	620	300
Research and development expenses	2,389	339
	<u>\$ 3,506</u>	<u>\$ 1,199</u>

  

	Six months ended June 30,	
	2021	2020
Manufacturing cost	\$ 830	\$ 1,088
Selling expenses	285	42
Administrative expenses	1,200	619
Research and development expenses	3,967	639
	<u>\$ 6,282</u>	<u>\$ 2,388</u>

(10) Other non-current assets

	June 30, 2021	December 31, 2020	June 30, 2020
Prepayments for business facilities	\$ 46,641	\$ 11,194	\$ 13,252
Guarantee deposits paid	4,412	4,589	20,027
Prepayments for intangible assets	1,432	2,320	-
Prepayments for land purchases	-	-	74,330
Others	28,183	23,553	5,980
	<u>\$ 80,668</u>	<u>\$ 41,656</u>	<u>\$ 113,589</u>

(11) Short-term borrowings

Type of borrowings	June 30, 2021	Interest rate	Collateral
Short-term borrowings	\$ 1,006,159	0.70%~0.98%	A promissory note of the same amount was issued as collateral.
Short-term secured borrowings		0.757%~1.003%	Accounts receivable was provided by the subsidiary, Chenbro Technology (Kunshan) Co., Ltd., as collateral.
	306,273		
	<u>\$ 1,312,432</u>		

Type of borrowings	December 31, 2020	Interest rate	Collateral
Short-term borrowings	\$ 849,069	0.65%~1.00%	A promissory note of the same amount was issued as collateral.

Type of borrowings	June 30, 2020	Interest rate	Collateral
Short-term borrowings	\$ 175,599	0.85%~0.9%	A promissory note of the same amount was issued as collateral.

(12) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	June 30, 2021
Preferential Loans for Returning Taiwanese Businesses for the Purchase of Land in Taiwan (Note 1)	TWD 400,000 thousand; borrowing period is from January 15, 2021 to January 15, 2028; principal and interest are repayable monthly from February 15, 2023	1%	(Note 1)	\$ 400,000
Loans for Returning Overseas Taiwanese Businesses (Note 2)	TWD 466,620 thousand; borrowing period is from February 8, 2021 to February 8, 2031; principal and interest are repayable monthly from March 15, 2024	0.40%	(Note 2)	466,620
"	TWD 15,900 thousand; borrowing period is from January 15, 2021 to January 15, 2028; principal and interest are repayable monthly from February 15, 2024	0.40%	"	15,900
"	TWD 52,920 thousand; borrowing period is from June 15, 2021 to June 15, 2028; principal and interest are repayable monthly from June 15, 2024	0.40%	"	52,920

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	June 30, 2021
Installment payment for secured foreign currency borrowings (Note 3)	USD 5,530 thousand; borrowing period is from September 2013 to August 2033; principal and interest are repayable monthly from October 2013	Fixed rate 3.75%	Bank deposits and real estate in the USA	107,486
				1,042,926
Less: Current portion (shown as 'other current liabilities')				( 7,033)
				<u>\$ 1,035,893</u>

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	December 31, 2020
Installment payment for secured foreign currency borrowings (Note 2)	USD 5,530 thousand; borrowing period is from September 2013 to August 2033; principal and interest are repayable monthly from October 2013	Fixed rate 3.75%	Bank deposits and real estate in the USA	\$ 113,361
Less: Current portion (shown as 'other current liabilities')				( 7,056)
				<u>\$ 106,305</u>

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	June 30, 2020
Installment payment for secured foreign currency borrowings (Note 2)	USD 5,530 thousand; borrowing period is from September 2013 to August 2033; principal and interest are repayable monthly from October 2013	Fixed rate 3.75%	Bank deposits and real estate in the USA	\$ 121,457
Less: Current portion (shown as 'other current liabilities')				( 7,207)
				<u>\$ 114,250</u>

Note 1: The Company applied for Preferential Loans for Returning Taiwanese Businesses for the Purchase of Land in Taiwan with the Bank of Taiwan in October 2020 and had drawn down the loan in January 2021. The total amount of the loan was \$400,000, and the loan term was 7 years after the first drawdown date. The interest rate of the loan was the floating

interest rate on a 2-year time deposit offered by the Bank of Taiwan plus 0.155% of annual interest and the markdown interest rate shall be no less than 1%. The loan is mainly for the purchase of land. The Company pledged land in Lucao Township, Chiayi County as collateral.

Note 2: The Company applied for Loans for Returning Overseas Taiwanese Businesses with the Bank of Taiwan in October 2020 and had drawn down part of the loan in January 2021. The total amount of the loan was \$1,344,000, and the loan term was 7 to 10 years after the first drawdown date. The interest rate of the loan was the floating interest rate on a 2-year time deposit offered by the Directorate General of the Postal Remittances and Savings Bank less 0.445% of annual interest and the markdown interest rate shall be no less than 0.4%. The commission fee shall be paid by the National Development Fund at an annual interest of 0.5%, and the payment period shall not exceed 5 years. The loan is mainly for construction of plant, purchase of machinery and equipment and working capital. The Company pledged promissory note of the same amount as the loan, machinery and equipment purchased by the loan and buildings under completion as collateral.

If, during the contract period, there is a violation of any of the loan covenants, the budget of the National Development Fund may be frozen, there are changes in government policies, there is a need for capital procurement, or any other situation where the National Development Fund is not liable, the commission fee shall not be paid by the National Development Fund after notice and the interest rate of the loan shall be adjusted to the floating interest rate on a 2-year time deposit offered by the Directorate General of the Postal Remittances and Savings Bank plus 0.055% of annual interest and the markdown interest rate shall be no less than 0.9%.

Note 3: The secured borrowing contract of the subsidiary, CLOUDWELL HOLDINGS, LLC., requires that the interest coverage ratio for each year should not be lower than 1.2. If the requirement is not met, the subsidiary shall repay the outstanding borrowing or provide bank deposits as collateral. As of June 30, 2021, the subsidiary, CLOUDWELL HOLDINGS, LLC., has not violated the requirements of the abovementioned secured borrowing contract.

(13) Other payables

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Wages and bonus payable	\$ 213,221	\$ 274,476	\$ 228,660
Remuneration due to supervisors and employee compensation	127,826	92,729	148,327
Payables for machinery and equipment	125,868	35,873	12,089
Payables for mold	84,038	77,497	53,771
Payables for export freight and customs clearance charges	37,608	36,371	49,371
Payables for processing fees	24,350	33,620	5,400
Payables for consumable goods	22,461	14,361	17,276
Payables for service fees	21,372	25,367	23,763
Payables for intangible assets	5,582	-	-
Payables for buildings and land purchases	-	303,010	-
Dividends payable	-	-	550,739
Others	134,720	74,332	124,080
	<u>\$ 797,046</u>	<u>\$ 967,636</u>	<u>\$ 1,213,476</u>

(14) Pensions

A. Defined benefit plan

- (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.
- (b) For the aforementioned pension plan, the Group recognised pension costs of \$37, \$80, \$89 and \$158 for the three months ended June 30, 2021 and 2020, and six months ended June 30, 2021 and 2020, respectively.
- (c) Expected contributions to the defined benefit pension plan of the Group for the year ending

December 31, 2022 amount to \$486.

B. Defined contribution plan

- (a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) Other overseas companies have a defined contribution plan in accordance with the local regulations, and contributions to endowment insurance and pension reserve are based on employees’ salaries and wages. Other than the periodic contribution, the overseas companies have no further obligations.
- (c) The pension costs under the defined contribution pension plan of the Company and its domestic subsidiaries for the three months ended June 30, 2021 and 2020, and six months ended June 30, 2021 and 2020 were \$2,718, \$2,498, \$5,449 and \$4,787, respectively.
- (d) Micom Source Holding Company, CLOUDWELL HOLDINGS, LLC., Chenbro GmbH, Cloud International Company Limited, AMAC International Company, AMBER International Company, ADEPT International Company, and PROCASE & MOREX Corporation did not establish their pension plans or had no employees. In addition, the pension costs under the defined contribution pension plans of CHENBRO MICOM (USA) INCORPORATION, Chenbro Technology (Kunshan) Co., Ltd., ChenPower Information Technology (Shanghai) Co., Ltd. and Dongguan Procace Electronic Co., Ltd. for the three months ended June 30, 2021 and 2020, and six months ended June 30, 2021 and 2020 were \$8,637, \$113, \$17,368 and \$4,876, respectively. At the beginning of 2020, due to the impact of the Covid-19 pandemic in China, the local government has exempted pension insurance from February 2020 to December 2020.

(15) Share-based payment

- A. The Group’s share-based payment arrangements which have not expired as of June 30, 2021 were as follows:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Restricted stocks to employees (Note 1)	2020.8.11	1,200 thousand shares	4 years	Graded vesting at a certain percentage after one year of service and achieving the required KPI (Note 2)



Note 1: During the vesting period, the restricted stocks issued by the Company cannot be sold, pledged, transferred, donated, collateralised, or disposed in any other method, except for inheritance, and the shareholders' rights to attend, propose, speak and vote in the shareholders' meeting are executed by the trust institution according to the agreement. Employees are entitled to the cash and stock dividends distributed by the Company. The distributed cash and stock dividends are treated as meeting the vesting conditions and are not required to be kept in the trust institution. This also applies to capital reduction. If employees resign during the vesting period, the Company will redeem those stocks but employees are not required to return the dividends received.

Note 2: The vesting percentage for the employee who has one, two, three and four years of service with the Company since the grant date and achieves the performance condition is 25% each year.

B. Details of the above restricted stocks to employees are as follows:

	2021	2020
	Quantity of stocks (in thousands)	Quantity of stocks (in thousands)
Restricted stocks at the beginning of period	1,200	-
Retired during the period	( 65)	-
Restricted stocks at the end of period	1,135	-

C. The fair value of restricted stocks granted on grant date is measured based on the stock price on the grant date and the estimated annual employee turnover rate. Relevant information is as follows:

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected option life	Fair value per unit (in dollars)
Restricted stocks to employees	2020.8.11	\$91.3	-	4 years	\$91.3

D. Expenses incurred on share-based payment transactions are shown below:

	Three months ended June 30,	
	2021	2020
Equity-settled	\$ 10,977	\$ -
	Six months ended June 30,	
	2021	2020
Equity-settled	\$ 21,954	\$ -

(16) Ordinary shares

As of June 30, 2021, the Company's authorised capital was \$1,500,000, consisting of 150 million shares of ordinary stock (including 1 million shares reserved for employee stock options), and the paid-in capital was \$1,209,110, with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected. Movements in the number of the Company's ordinary shares outstanding (shares in thousands) are as follows:

	2021	2020
At January 1	120,926	119,726
Retirement of restricted stocks	( 65)	-
At June 30	120,861	119,726

(17) Capital surplus

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

(18) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve until the amount of legal reserve reaches total capital. The remaining shall take into account item D below for the related regulations of setting aside special reserve. The appropriation of the remaining earnings along with the unappropriated earnings of prior years depends on annual financial status and economic development and shall be proposed by the Board of Directors and approved by the shareholders.
- B. The Company's dividend policy is based on the current profit and consideration of the Company's growth in the future, capital budget plan and capital needs as well as consideration of shareholders' interest and long-term financial plan, etc. Earnings can be distributed to shareholders as cash dividends or stock dividends. Cash dividends shall account for at least 10% of the total dividends distributed. If cash dividends are lower than \$0.20 (in dollars) per share, stock dividends will be issued instead.
- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D. (a) In accordance with the regulations, the Company shall set aside special reserve from the debit

balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

- (b) The amount of \$65,573 previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.

E. On May 14, 2021 and June 23, 2020, the shareholders during their meeting resolved the appropriations of the 2020 and 2019 earnings, respectively, as follows:

	Year ended December 31, 2020		Year ended December 31, 2019	
	Amount	Dividend per share (in dollars)	Amount	Dividend per share (in dollars)
Legal reserve	\$ 97,474	\$ -	\$ 91,195	\$ -
Special reserve	35,952	-	11,396	-
Cash dividends to shareholders	483,644	4.00	550,739	4.60
	<u>\$ 617,070</u>	<u>\$ 4.00</u>	<u>\$ 653,330</u>	<u>\$ 4.60</u>

(19) Other equity items

	2021			
	Currency translation	Unrealised losses on valuation	Other, unearned compensation	Total
At January 1	(\$ 254,006)	(\$ 6,498)	(\$ 88,259)	(\$ 348,763)
Valuation adjustment	-	3,982	-	3,982
Employee restricted shares:				
- Transferred to expenses	-	-	21,954	21,954
Currency translation differences:				
- Group	( 45,726)	-	-	( 45,726)
- Tax on Group	4,349	-	-	4,349
At June 30	<u>(\$ 295,383)</u>	<u>(\$ 2,516)</u>	<u>(\$ 66,305)</u>	<u>(\$ 364,204)</u>

	2020			
	Currency translation	Unrealised losses on valuation	Other, unearned compensation	Total
At January 1	(\$ 218,316)	(\$ 6,236)	\$ -	(\$ 224,552)
Valuation adjustment	-	( 4,665)	-	( 4,665)
Currency translation differences:				
- Group	( 62,851)	-	-	( 62,851)
- Tax on Group	( 49,134)	-	-	( 49,134)
At June 30	<u>(\$ 330,301)</u>	<u>(\$ 10,901)</u>	<u>\$ -</u>	<u>(\$ 341,202)</u>

(20) Operating revenue

A. The Group derives revenue from the transfer of control of goods to customers in the following major product types:

	Three months ended June 30,	
	2021	2020
Server cases, peripheral products and components	\$ 2,288,636	\$ 2,118,430
Personal computer cases	49,602	80,406
	<u>\$ 2,338,238</u>	<u>\$ 2,198,836</u>
	Six months ended June 30,	
	2021	2020
Server cases, peripheral products and components	\$ 4,061,737	\$ 3,399,017
Personal computer cases	95,428	137,094
	<u>\$ 4,157,165</u>	<u>\$ 3,536,111</u>

B. Contract liabilities

(a) The Group has recognised the following revenue-related contract liabilities:

	June 30, 2021	December 31, 2020
Contract liabilities - sale of products	<u>\$ 17,816</u>	<u>\$ 7,113</u>
	June 30, 2020	January 1, 2020
Contract liabilities - sale of products	<u>\$ 8,121</u>	<u>\$ 6,624</u>

(b) Revenue recognised that was included in the contract liability balance at the beginning of the period:

	Three months ended June 30,	
	2021	2020
Contract liabilities - sale of products	<u>\$ 4</u>	<u>\$ 2</u>

	Six months ended June 30,	
	2021	2020
Contract liabilities - sale of products	\$ 1,070	\$ 466
(21) <u>Interest income</u>		
	Three months ended June 30,	
	2021	2020
Interest income from bank deposits	\$ 3,017	\$ 3,510
Interest income from financial assets measured at amortised cost	2,327	2,054
	\$ 5,344	\$ 5,564
	Six months ended June 30,	
	2021	2020
Interest income from bank deposits	\$ 6,036	\$ 5,677
Interest income from financial assets measured at amortised cost	4,661	6,883
	\$ 10,697	\$ 12,560
(22) <u>Other income</u>		
	Three months ended June 30,	
	2021	2020
Tariff subsidy income	\$ -	\$ 31,938
Other income, others	2,275	21,346
	\$ 2,275	\$ 53,284
	Six months ended June 30,	
	2021	2020
Tariff subsidy income	\$ -	\$ 40,768
Other income, others	5,726	25,413
	\$ 5,726	\$ 66,181
(23) <u>Other gains and losses</u>		
	Three months ended June 30,	
	2021	2020
(Loss) gain on disposal of property, plant and equipment	(\$ 551)	\$ 480
Gains arising from lease modifications	30	-
Net currency exchange loss	( 24,206)	( 32,694)
Others	( 165)	( 1,443)
	(\$ 24,892)	(\$ 33,657)

	Six months ended June 30,	
	2021	2020
(Loss) gain on disposal of property, plant and equipment	(\$ 609)	\$ 53
Gains arising from lease modifications	30	-
Net currency exchange loss	( 29,620)	( 13,852)
Others	( 359)	( 1,328)
	<u>(\$ 30,558)</u>	<u>(\$ 15,127)</u>

(24) Finance costs

	Three months ended June 30,	
	2021	2020
Interest expense on bank borrowings	\$ 2,795	\$ 1,482
Interest expense on lease liabilities	195	160
	<u>\$ 2,990</u>	<u>\$ 1,642</u>

	Six months ended June 30,	
	2021	2020
Interest expense on bank borrowings	\$ 7,172	\$ 3,091
Interest expense on lease liabilities	379	219
	<u>\$ 7,551</u>	<u>\$ 3,310</u>

(25) Employee benefit, depreciation and amortisation expenses

	Three months ended June 30,	
	2021	2020
Wages and salaries	\$ 277,462	\$ 258,098
Share-based payment	10,977	-
Labour and health insurance fees	10,368	7,218
Pension costs	11,392	2,691
Other personnel expenses	21,910	23,991
Employee benefit expense	<u>\$ 332,109</u>	<u>\$ 291,998</u>
Depreciation charges	<u>\$ 67,403</u>	<u>\$ 48,763</u>
Amortisation charges	<u>\$ 3,506</u>	<u>\$ 1,199</u>

	Six months ended June 30,	
	2021	2020
Wages and salaries	\$ 542,040	\$ 469,016
Share-based payment	21,954	-
Labour and health insurance fees	21,790	15,824
Pension costs	22,906	9,821
Other personnel expenses	43,138	38,723
Employee benefit expense	<u>\$ 651,828</u>	<u>\$ 533,384</u>
Depreciation charges	<u>\$ 158,264</u>	<u>\$ 98,203</u>
Amortisation charges	<u>\$ 6,282</u>	<u>\$ 2,388</u>

- A. According to the Articles of Incorporation of the Company and its domestic subsidiaries, a ratio of profit of the current year distributable, shall be distributed as employees' compensation and directors' and supervisors' remuneration. For the Company, the ratio shall not be lower than 6% for employees' compensation and shall not be higher than 3% for directors' and supervisors' remuneration. For the domestic subsidiaries, the ratio shall not be lower than 5% for employees' compensation. Employees' compensation and directors' and supervisors' remuneration will be distributed in the form of stock or cash as resolved by the Board of Directors. Employees who are entitled to receive employees' compensation include employees of subsidiaries of the company meeting certain specific requirements. Related regulations were set by the Board of Directors. The distribution of employees' compensation and directors' and supervisors' remuneration should be reported to the stockholders. However, if the Company has accumulated deficit, the Company should cover accumulated losses first, then distribute employees' compensation and directors' and supervisors' remuneration proportionately as described above.
- B. For the three months ended June 30, 2021 and 2020, and six months ended June 30, 2021 and 2020, employees' compensation were accrued at \$15,341, \$20,527, \$26,848 and \$32,815, respectively; while directors' and supervisors' remuneration were accrued at \$4,364, \$6,037, \$7,749 and \$9,651, respectively. The aforementioned amounts were recognised in salary expenses.

For the year ended December 31, 2020, employees' compensation and directors' and supervisors' remuneration amounted to \$71,485 and \$21,744 as resolved by the Board of Directors on March 23, 2021, respectively, and the differences with the amounts recognised in the current year's financial statements amounted to \$500 and \$0, respectively. The differences had been accounted for as changes in estimates in profit or loss for 2021.

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

(26) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Three months ended June 30,	
	2021	2020
Current tax:		
Current tax on profits for the period	\$ 58,981	\$ 162,023
Prior year income tax (over) under estimation	( 14,069)	4,902
Total current tax	44,912	166,925
Deferred tax:		
Origination and reversal of temporary differences	11,424	( 76,771)
Total deferred tax	11,424	( 76,771)
Income tax expense	\$ 56,336	\$ 90,154

  

	Six months ended June 30,	
	2021	2020
Current tax:		
Current tax on profits for the period	\$ 93,968	\$ 181,766
Prior year income tax (over) under estimation	( 30,815)	4,902
Total current tax	63,153	186,668
Deferred tax:		
Origination and reversal of temporary differences	30,737	( 69,208)
Total deferred tax	30,737	( 69,208)
Income tax expense	\$ 93,890	\$ 117,460

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	Three months ended June 30,	
	2021	2020
Currency translation differences	(\$ 931)	\$ 14,015

  

	Six months ended June 30,	
	2021	2020
Currency translation differences	(\$ 4,349)	\$ 49,134

B. The Company's income tax returns through 2019 have been assessed and approved by the Tax Authority.

C. The subsidiary-Chen-Feng Precision Co., Ltd. was established on March 4, 2020. Its income tax



returns have not been assessed and approved by the Tax Authority.

- D. The Company had applied for investment of repatriated offshore funds back in Taiwan in 2020 and had paid 8%~10% of the income tax. The Company will apply for 4%~5% of tax refund after it completes the substantive investment and obtains the certificate issued by the Ministry of Economic Affairs. The aforementioned tax refund expected to be collected amounting to \$22,010 was shown as ‘current tax assets’.

(27) Earnings per share

	Three months ended June 30, 2021		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ <u>177,702</u>	119,726	\$ <u>1.48</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 177,702	-	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	178	
Restricted stocks	-	297	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ <u>177,702</u>	<u>120,201</u>	\$ <u>1.48</u>

Three months ended June 30, 2020			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 260,666	119,726	\$ 2.18
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 260,666		
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	354	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 260,666	120,080	\$ 2.17
Six months ended June 30, 2021			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 303,482	119,726	\$ 2.53
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 303,482	-	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	740	
Restricted stocks	-	332	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 303,482	120,798	\$ 2.51

Six months ended June 30, 2020			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 395,626	119,726	\$ 3.30
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 395,626		
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	831	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 395,626	120,557	\$ 3.28

(28) Supplemental cash flow information

A. Purchase of property, plant and equipment:

	Six months ended June 30,	
	2021	2020
Purchase of property, plant and equipment	\$ 822,685	\$ 134,038
Add: Opening balance of payable on equipment	35,873	4,132
Opening balance of payable on land and building purchased	303,010	-
Ending balance of prepayments for business facilities	46,641	13,252
Ending balance of prepayment for land purchases	-	74,330
Less: Opening balance of prepayments for business facilities	( 11,194)	( 30,902)
Opening balance of prepayment for land purchases	-	( 49,280)
Ending balance of payable on equipment	( 125,868)	( 12,089)
Transferred from inventories	( 3,534)	( 32,177)
Cash paid during the period	\$ 1,067,613	\$ 101,304

## B. Acquisition of intangible assets

	Six months ended June 30,	
	2021	2020
Acquisition of intangible assets	\$ 17,611	\$ 4,488
Add: Opening balance of prepayment for intangible assets	1,432	-
Less: Opening balance of prepayment for intangible assets	( 2,320)	-
Ending balance of prepayment for intangible assets	( 5,582)	-
Cash paid during the period	<u>\$ 11,141</u>	<u>\$ 4,488</u>

## C. Financing activities with no cash flow effects

	Six months ended June 30,	
	2021	2020
Cash dividends declared	<u>\$ -</u>	<u>\$ 550,739</u>

## (29) Changes in liabilities from financing activities

	Short-term borrowings	Long-term borrowings	Lease liabilities	Guarantee deposits received	Liabilities from financing activities-gross
At January 1, 2021	\$ 849,069	\$ 113,361	\$ 34,903	\$ 519	\$ 997,852
Changes in cash flow from financing activities	466,418	932,560	( 5,316)	( 8)	1,393,654
Impact of changes in foreign exchange rate	( 3,055)	( 2,995)	-	-	( 6,050)
Changes in other non-cash items	-	-	4,240	-	4,240
At June 30, 2021	<u>\$ 1,312,432</u>	<u>\$ 1,042,926</u>	<u>\$ 33,827</u>	<u>\$ 511</u>	<u>\$ 2,389,696</u>

  

	Short-term borrowings	Long-term borrowings	Lease liabilities	Guarantee deposits received	Cash dividends payable	Liabilities from financing activities-gross
At January 1, 2020	\$ 59,960	\$ 126,411	\$ 4,766	\$ 586	\$ -	\$ 191,723
Changes in cash flow from financing activities	117,791	( 3,052)	( 3,007)	( 16)	-	111,716
Impact of changes in foreign exchange rate	( 2,152)	( 1,902)	-	-	-	( 4,054)
Changes in other non-cash items	-	-	31,082	-	550,739	581,821
At June 30, 2020	<u>\$ 175,599</u>	<u>\$ 121,457</u>	<u>\$ 32,841</u>	<u>\$ 570</u>	<u>\$ 550,739</u>	<u>\$ 881,206</u>

## 7. RELATED PARTY TRANSACTIONS

### (1) Parent and ultimate controlling party

The Company's shares are held by the public, thus, there is no parent company or ultimate parent.

(2) Name of related party and relationship

<u>Name of related party</u>	<u>Relationship with the Group</u>
Chen-Source Inc.	Other related party
SUPPER LASERS INDUSTRY CO., LTD.	Other related party

(3) Significant related party transactions

A. Operating revenue

	<u>Three months ended June 30,</u>	
	<u>2021</u>	<u>2020</u>
Sales:		
Other related parties	\$ <u>105</u>	\$ <u>259</u>
	<u>Six months ended June 30,</u>	
	<u>2021</u>	<u>2020</u>
Sales:		
Other related parties	\$ <u>183</u>	\$ <u>267</u>

Goods are sold based on normal prices and terms. Payment term is 60~90 days after monthly billings.

B. Purchases and other expenses

	<u>Three months ended June 30,</u>	
	<u>2021</u>	<u>2020</u>
Purchases:		
Other related parties	\$ 1,726	\$ 1,683
Other expenses:		
Other related parties	<u>1,418</u>	<u>1,054</u>
	\$ <u>3,144</u>	\$ <u>2,737</u>
	<u>Six months ended June 30,</u>	
	<u>2021</u>	<u>2020</u>
Purchases:		
Other related parties	\$ 3,916	\$ 2,363
Other expenses:		
Other related parties	<u>2,745</u>	<u>2,106</u>
	\$ <u>6,661</u>	\$ <u>4,469</u>

(a) Purchases: No similar transaction can be compared with. Prices and terms are determined based on mutual agreements and payment term is 60~90 days after monthly billings.

(b) Other expenses: It arises from short-term leases of warehouse and management of warehouse by other related parties on behalf of the Company. Prices and terms are determined based on

mutual agreements, and the collection term is 60 days after monthly billings.

C. Receivables from related parties

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Notes receivable:			
Other related parties	\$ 27	\$ 195	\$ -
Accounts receivable:			
Other related parties	110	38	287
Other receivables- payment			
Other related parties	-	23	7
	<u>\$ 137</u>	<u>\$ 256</u>	<u>\$ 294</u>

The receivables from related parties are unsecured in nature and bear no interest.

D. Payables to related parties

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Accounts payable:			
Other related parties	\$ 1,496	\$ 822	\$ 1,239
Other payables - other expenses:			
Other related parties	968	877	796
	<u>\$ 2,464</u>	<u>\$ 1,699</u>	<u>\$ 2,035</u>

(a) Accounts payable bear no interest.

(b) Other payables are payments made by other related parties on behalf of the Company.

(4) Key management compensation

	<u>Three months ended June 30,</u>	
	<u>2021</u>	<u>2020</u>
Short-term employee benefits	\$ 12,054	\$ 15,649
Post-employment benefits	64	105
Share-based payments	4,208	-
	<u>\$ 16,326</u>	<u>\$ 15,754</u>
	<u>Six months ended June 30,</u>	
	<u>2021</u>	<u>2020</u>
Short-term employee benefits	\$ 27,768	\$ 33,928
Post-employment benefits	192	211
Share-based payments	8,873	-
	<u>\$ 36,833</u>	<u>\$ 34,139</u>

## 8. PLEDGED ASSETS

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

Pledged asset	Book value			Purpose
	June 30, 2021	December 31, 2020	June 30, 2020	
Time deposits (shown as 'current financial assets at amortised cost' and 'other current assets')	\$ 3,000	\$ 3,000	\$ -	Customs duty guarantee
Cash in banks (shown as 'non-current financial assets at amortised cost' and 'other non-current assets')	\$ 2,884	\$ 2,946	\$ 6,063	Long-term borrowings (Note 1)
Land and buildings	\$ 749,011	\$ 755,251	\$ 206,921	Long-term borrowings (Notes 1 and 2)
Accounts receivable (Note 3)	\$ 385,028	\$ -	\$ -	Short-term borrowings

Note 1: In August, 2013, the subsidiary, CLOUDWELL HOLDINGS, LLC., signed a long-term borrowing contract for a credit line of USD 5.53 million with banks. The contract requires the subsidiary to pledge land and buildings as mortgage and USD 100 thousand as collateral.

Note 2: The Company applied for Loans for Returning Overseas Taiwanese Businesses and Preferential Loans for Returning Taiwanese Businesses for the Purchase of Land in Taiwan with the Bank of Taiwan in October 2020 and pledged promissory note of the same amount as the loan, machinery and equipment purchased from the loan, land in Lucao Township, Chiayi County and buildings under completion as collateral.

Note 3: The subsidiary, Chenbro Technology (Kunshan) Co., Ltd., pledged its accounts receivable from the parent company, Chenbro Micom Co., Ltd., as collateral and was eliminated when preparing the consolidated financial statements.

## 9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

None.

## 10. SIGNIFICANT DISASTER LOSS

None.

## 11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

## 12. OTHERS

### (1) Capital management

The Group's objectives when managing capital are to maintain an optimal financial structure and

capital ratio in order to support operations and maximise interests for shareholders.

(2) Financial instruments

A. Financial instruments by category

	June 30, 2021	December 31, 2020	June 30, 2020
<u>Financial assets</u>			
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	\$ 32,178	\$ 28,196	\$ 23,793
Financial assets at amortised cost			
Cash and cash equivalents	1,054,596	1,216,174	1,734,105
Financial assets at amortised cost	221,384	224,946	215,563
Notes receivable	871	921	503
Accounts receivable	2,166,141	1,751,605	1,868,098
Other receivables	60,424	61,498	41,504
Guarantee deposits paid	4,412	4,589	20,027
	<u>\$ 3,540,006</u>	<u>\$ 3,287,929</u>	<u>\$ 3,903,593</u>
<u>Financial liabilities</u>			
Financial liabilities at amortised cost			
Short-term borrowings	\$ 1,312,432	\$ 849,069	\$ 175,599
Notes payable	846	-	4,442
Accounts payable (including related parties)	2,361,441	1,970,058	1,894,910
Other payables	797,046	967,636	1,213,476
Long-term borrowings (including current portion)	1,042,926	113,361	121,457
Guarantee deposits received	511	519	570
Other current liabilities	3,982	3,862	3,710
	<u>\$ 5,519,184</u>	<u>\$ 3,904,505</u>	<u>\$ 3,414,164</u>
Lease liabilities	<u>\$ 33,827</u>	<u>\$ 34,903</u>	<u>\$ 32,841</u>

B. Financial risk management policies

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial position and financial performance.
- (b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges



financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

#### C. Significant financial risks and degrees of financial risks

##### (a) Market risk

##### Foreign exchange risk

- i. The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.
- ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The group companies are required to hedge their entire foreign exchange risk exposure with the Group treasury, and primarily hedge using natural hedge.
- iii. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: USD and RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	June 30, 2021			
	Foreign currency amount (in thousands)		Exchange rate	Book value (NTD)
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	\$	61,291	27.86	\$ 1,707,567
USD:RMB		31,993	6.46	891,325
<u>Non-monetary items</u>				
USD:NTD		16,920	27.86	471,395
EUR:NTD		118	33.15	3,901
RMB:NTD		520,001	4.31	2,241,204
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	\$	41,598	27.86	\$ 1,158,920
USD:RMB		24,430	6.46	680,620

December 31, 2020			
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 52,234	28.48	\$ 1,487,624
USD:RMB	32,494	6.50	925,104
<u>Non-monetary items</u>			
USD:NTD	10,968	28.48	312,363
EUR:NTD	300	35.02	10,505
RMB:NTD	510,928	4.38	2,237,863
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 29,827	28.48	\$ 849,473
USD:RMB	10,151	6.50	288,999
June 30, 2020			
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 53,540	29.63	\$ 1,586,390
USD:RMB	20,344	7.08	603,509
RMB:NTD	94,461	4.19	395,792
<u>Non-monetary items</u>			
USD:NTD	9,172	29.63	271,765
EUR:NTD	278	33.27	9,263
RMB:NTD	498,216	4.19	2,087,523
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 28,261	29.63	\$ 837,373
USD:RMB	10,330	7.08	306,440

- iv. The total exchange loss, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the three months ended June 30, 2021 and 2020, and six months ended June 30, 2021 and 2020 amounted to (\$24,206), (\$32,694), (\$29,620) and (\$13,852), respectively.

- v. Analysis of foreign currency market risk arising from significant foreign exchange variation:

Six months ended June 30, 2021			
Sensitivity analysis			
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 17,076	\$ -
USD:RMB	1%	8,913	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	11,589	-
USD:RMB	1%	6,806	-
Six months ended June 30, 2020			
Sensitivity analysis			
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 15,864	\$ -
USD:RMB	1%	6,035	-
RMB:NTD	1%	3,958	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	8,374	-
USD:RMB	1%	3,064	-

#### Price risk

- The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through other comprehensive income.
- Shares were issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, other comprehensive income for the six months ended June 30, 2021 and 2020 would have increased/decreased by \$322 and \$238 as a result of gains or losses on equity investment at fair value through other comprehensive income, respectively.

### Cash flow and fair value interest rate risk

The Group's interest rate risk arises from short-term borrowings and long-term borrowings (including current portion). Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group's borrowings are issued at fixed rates. During the six months ended June 30, 2021 and 2020, the Group's borrowings were denominated in the USD and NTD.

#### (b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of financial assets at amortised cost and debt instruments stated at fair value through other comprehensive income.
- ii. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors.
- iii. Individual risk limits are set based on internal or external factors in accordance with limits set by the supervisors of credit control. The utilisation of credit limits is regularly monitored.
- iv. If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- v. The Group adopts the assumption under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.
- vi. The Group classifies customer's accounts receivable in accordance with credit risk on trade. The Group applies the simplified approach using provision matrix and loss rate methodology to estimate expected credit loss under the provision matrix basis.
- vii. The Group used the forecastability of The New Basel Capital Accord to adjust historical and timely information to assess the default possibility of accounts receivable. As of June 30, 2021, December 31, 2020 and June 30, 2020, the loss allowance is as follows:

	Not past due	Up to 90 days past due	91 to 180 days past due	181 to 270 days past due
<u>June 30, 2021</u>				
Expected loss rate	0.03%	0.03%-0.06%	0.03%-0.23%	0.03%-3.12%
Total book value	\$ 1,939,972	\$ 220,612	\$ 5,562	\$ 1,138
Loss allowance	\$ -	\$ 472	\$ 557	\$ 114

	271 to 360 days past due	Over 360 days past due	Total	
<u>June 30, 2021</u>				
Expected loss rate	0.03%-100%	100.00%		
Total book value	\$ -	\$ -	\$ 2,167,284	
Loss allowance	\$ -	\$ -	\$ 1,143	
	Not past due	Up to 90 days past due	91 to 180 days past due	181 to 270 days past due
<u>December 31, 2020</u>				
Expected loss rate	0.03%	0.03%-0.14%	0.03%-1.14%	0.03%-7.05%
Total book value	\$ 1,548,932	\$ 192,931	\$ 12,034	\$ -
Loss allowance	\$ -	\$ 1,272	\$ 1,020	\$ -
	271 to 360 days past due	Over 360 days past due	Total	
<u>December 31, 2020</u>				
Expected loss rate	0.03%-100%	100.00%		
Total book value	\$ -	\$ -	\$ 1,753,897	
Loss allowance	\$ -	\$ -	\$ 2,292	
	Not past due	Up to 90 days past due	91 to 180 days past due	181 to 270 days past due
<u>June 30, 2020</u>				
Expected loss rate	0.03%	0.03%-0.11%	0.03%-2.36%	0.03%-8.39%
Total book value	\$ 1,701,419	\$ 159,905	\$ 7,294	\$ 329
Loss allowance	\$ -	\$ 199	\$ 694	\$ 64
	271 to 360 days past due	Over 360 days past due	Total	
<u>June 30, 2020</u>				
Expected loss rate	0.03%-100%	100.00%		
Total book value	\$ 120	\$ -	\$ 1,869,067	
Loss allowance	\$ 12	\$ -	\$ 969	

viii. Movements in relation to the Group applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	2021	2020
	Accounts receivable	Accounts receivable
At January 1	\$ 2,292	\$ 1,901
Reversal of impairment loss	( 1,130)	( 934)
Effect of exchange rate changes	( 19)	2
At June 30	\$ 1,143	\$ 969

For the six months ended June 30, 2021 and 2020, gains on impairment of accounts

receivable arising from customer contracts amounted to \$1,130 and \$934, respectively.

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.
- ii. The table below analyses the Group's non-derivative financial liabilities based on the remaining period at the balance sheet date to the contractual maturity date. The analysis is as follows:

Non-derivative financial liabilities:

	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	Over 5 years
<u>June 30, 2021</u>				
Short-term borrowings	\$ 1,313,454	\$ -	\$ -	\$ -
Notes payable	846	-	-	-
Accounts payable	2,359,945	-	-	-
Accounts payable - related party	1,496	-	-	-
Other payables	797,046	-	-	-
Lease liabilities	10,718	19,060	5,239	-
Other current liabilities	3,982	-	-	-
Long-term borrowings (including current portion)	18,207	112,921	400,031	576,414
Guarantee deposits received	511	-	-	-

Non-derivative financial liabilities:

	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	Over 5 years
<u>December 31, 2020</u>				
Short-term borrowings	\$ 849,344	\$ -	\$ -	\$ -
Accounts payable	1,969,236	-	-	-
Accounts payable - related party	822	-	-	-
Other payables	967,636	-	-	-
Lease liabilities	10,526	18,312	8,030	-
Other current liabilities	3,862	-	-	-
Long-term borrowings (including current portion)	11,187	22,373	22,373	89,494
Guarantee deposits received	519	-	-	-

Non-derivative financial liabilities:

June 30, 2020	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	Over 5 years
Short-term borrowings	\$ 175,760	\$ -	\$ -	\$ -
Notes payable	4,442	-	-	-
Accounts payable	1,893,671	-	-	-
Accounts payable - related party	1,239	-	-	-
Other payables	1,213,476	-	-	-
Lease liabilities	8,790	14,284	10,984	-
Other current liabilities	3,710	-	-	-
Long-term borrowings (including current portion)	11,638	23,277	23,277	96,017
Guarantee deposits received	402	168	-	-

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

(3) Fair value information

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

- B. The carrying amounts of the Group's financial assets not measured at fair value, including cash and cash equivalents, current financial assets at amortised cost, notes receivable, accounts receivable, other receivables, guarantee deposits paid (shown as other non-current assets), other current assets, other non-current assets, short-term borrowings, notes payable, accounts payable (including related parties), other payables, lease liabilities, long-term borrowings (including current portion) and guarantee deposits received (shown as other current liabilities and other non-current liabilities), are approximate to their fair values.
- C. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities are as follows:

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

June 30, 2021	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at fair value through other comprehensive income				
Equity securities	\$ <u>-</u>	\$ <u>-</u>	\$ <u>32,178</u>	\$ <u>32,178</u>
December 31, 2020	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at fair value through other comprehensive income				
Equity securities	\$ <u>-</u>	\$ <u>-</u>	\$ <u>28,196</u>	\$ <u>28,196</u>
June 30, 2020	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at fair value through other comprehensive income				
Equity securities	\$ <u>-</u>	\$ <u>-</u>	\$ <u>23,793</u>	\$ <u>23,793</u>

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

- i. The fair value of the Group's financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date.
- ii. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current



market conditions.

D. The following chart is the movement of Level 3 for the six months ended June 30, 2021 and 2020:

	2021	2020
	<u>Equity securities</u>	<u>Equity securities</u>
January 1	\$ 28,196	\$ 28,458
Recorded as unrealised losses on valuation of investments in equity instruments measured at fair value through other comprehensive income	3,982	(4,665)
At June 30	<u>\$ 32,178</u>	<u>\$ 23,793</u>

E. For the six months ended June 30, 2021 and 2020, there was no transfer into or out from Level 3.

F. Treasury segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

G. The following is the qualitative information on significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	<u>Fair value at June 30, 2021</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (first quartile)</u>	<u>Relationship of inputs to fair value</u>
Non-derivative equity instrument:					
Unlisted shares	\$ 32,178	Market comparable companies	Price to book ratio multiple	1.15-3.79 1.43	The higher the multiple, the higher the fair value
			Discount for lack of marketability	25% (25%)	The higher the discount for lack of marketability, the lower the fair value

	<u>Fair value at December 31, 2020</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (first quartile)</u>	<u>Relationship of inputs to fair value</u>
Non-derivative equity instrument:					
Unlisted shares	\$ 28,196	Market comparable companies	Price to book ratio multiple	1.33-2.69 (1.33)	The higher the multiple, the higher the fair value
			Discount for lack of marketability	25% (25%)	The higher the discount for lack of marketability, the lower the fair value
	<u>Fair value at June 30, 2020</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (first quartile)</u>	<u>Relationship of inputs to fair value</u>
Non-derivative equity instrument:					
Unlisted shares	\$ 23,793	Market comparable companies	Price to book ratio multiple	1.01-1.2 (1.09)	The higher the multiple, the higher the fair value
			Discount for lack of marketability	20% (20%)	The higher the discount for lack of marketability, the lower the fair value

H. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect on profit or loss or on other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

			June 30, 2021			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Price to book ratio multiple	±1%	\$ -	\$ -	\$ 322	(\$ 322)
	Discount for lack of marketability	±1%	-	-	107	( 107)

			December 31, 2020			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Price to book ratio multiple	±1%	\$ -	\$ -	\$ 282	(\$ 282)
	Discount for lack of marketability	±1%	-	-	94	( 94)

			June 30, 2020			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Price to book ratio multiple	±1%	\$ -	\$ -	\$ 238	(\$ 238)
	Discount for lack of marketability	±1%	-	-	59	( 59)

(4) Uncertain impact of the COVID-19 pandemic on the Company

Due to the slowdown of the COVID-19 pandemic in the US and China and the impact of global

economic recovery, the Group's consolidated operating revenue in the first half of 2021 increased by \$621,054 year over year, representing a growth rate of 17.6%. Based on the Group's assessment, there was no significant impact on the Group's financial and other risks due to the pandemic.

The Group has implemented staggered work schedules and work from home according to characteristics of each department and enhanced disinfection at workplace and common area in accordance with preventive measures imposed by the government. In addition to strengthening preventive measures, the Group continued paying attention to the development of the pandemic situation, and updated the relevant contingency measures in a rolling manner in response to the challenges of the pandemic and to ensure that its overall operations will not be affected by the pandemic. Consequently, the pandemic has no significant impact on the Group's operations and production activities as the Group has a good understanding and control over each risk.

### 13. SUPPLEMENTARY DISCLOSURES

#### (1) Significant transactions information

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

#### (2) Information on investees

Counterparties' information are disclosed based on subsidiaries' financial statements, which were not reviewed by independent auditors. However, the information on investments between companies was eliminated when preparing the consolidated financial statements. The following disclosures are for reference only.

Names, locations and other information of investee companies (not including investees in Mainland

China): Please refer to table 7.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 8.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area:

Name of company	Counterparty	Accounts	Amount in the second quarter of 2021	Percentage representing the account of the company (%)	Note
Chenbro Micom Co., Ltd.	Dongguan Procace Electronic Co., Ltd.	Sales	\$ 66,242	3	
Chenbro Micom Co., Ltd.	Chenbro Technology (Kunshan) Co., Ltd.	Purchases	1,422,471	63	
Chenbro Micom Co., Ltd.	Chenbro Technology (Kunshan) Co., Ltd.	Accounts payable	815,210	66	
Chenbro Micom Co., Ltd.	Dongguan Procace Electronic Co., Ltd.	Accounts payable	89,595	7	
Chenbro Micom Co., Ltd.	Dongguan Procace Electronic Co., Ltd.	Purchases	224,935	10	

(4) Major shareholders information

Major shareholders information: Please refer to table 9.

14. OPERATING SEGMENT INFORMATION

(1) General information

Because each plant possesses similar economic characteristics, produces similar products under similar production process, uses the same machinery and equipment, as well as the distribution methods and customer categories are alike, the Company and subsidiaries' chief operating decision-maker has assessed that the Company and its subsidiaries only have one reportable operating segment. Furthermore, the measurement basis for the Company is in agreement with the basis stated in the reports reviewed by the chief operating decision-maker.

(2) Information about segment profit or loss, assets and liabilities

The accounting policies of the operating segments are in agreement with the significant accounting policies summarised in Note 4. The Group's segment profit (loss) is measured with the operating income (loss), which is used as a basis for the Group in assessing the performance of the operating segments, the company and subsidiaries has only one reportable operating segment, thus, the reportable information is in agreement with those in the consolidated financial statements.

(3) Reconciliation for segment income (loss)

The segment operating profit provided to the chief operating decision-maker is measured in a manner consistent with that used for the statement of comprehensive income. Amounts of total assets and total liabilities of segments are not provided to the chief operating decision-maker to make strategic decisions. There is no difference between the presentation of segment report and income statement and accordingly, no reconciliation is required to be disclosed.

CHENBRO MICOM CO., LTD. AND SUBSIDIARIES

Provision of endorsements and guarantees to others

Six months ended June 30, 2021

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

Table 1

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed			Maximum outstanding endorsement/ guarantee amount as of June 30, 2021 (Note 4)	Outstanding endorsement/ guarantee amount at June 30, 2021 (Note 5)	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided	Provision of endorsements/ guarantees by parent company to subsidiary (Note 6)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 6)	Provision of endorsements/ guarantees to the party in Mainland China (Note 6)	Footnote
		Company name	Relationship with the endorser/ guarantor	Limit on endorsements/ guarantees provided for a single party										
0	CHENBRO MICOM CO., LTD.	CLOUDWELL HOLDINGS, LLC.	2	\$ 746,750	\$ 156,016	\$ 156,016	\$ 107,486	\$ -	4.20	\$ 2,240,249	Y	N	N	Note 3

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

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

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is as follows:

- (1) A company with which the Company does business
- (2) A company in which the Company directly and indirectly holds more than 50 percent of the voting shares
- (3) A company that directly and indirectly holds more than 50 percent of the voting shares in the Company
- (4) Companies in which the Company holds, directly or indirectly, 90% or more of the voting shares
- (5) Where the Company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project
- (6) Where all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages
- (7) Where 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: In accordance with the Company's "Procedures for Provision of Endorsements and Guarantees", ceiling on accumulated endorsements/guarantees to others and limit on endorsements/guarantees to a single party was 60% and 20% of the Company's net assets, respectively.

Note 4: The maximum endorsement/guarantee provided by Chenbro Micom Co., Ltd. to CLOUDWELL HOLDINGS, LLC. was \$5,600 thousand for the six months ended June 30, 2021.

Note 5: The outstanding endorsement/guarantee provided by Chenbro Micom Co., Ltd. to CLOUDWELL HOLDINGS, LLC. was \$5,600 thousand for the six months ended June 30, 2021.

Note 6: Fill in 'Y' for those cases of provision of endorsements/guarantees by listed parent company to subsidiary and provision by subsidiary to listed parent company, and provision to the party in Mainland China.

CHENBRO MICOM CO., LTD. AND SUBSIDIARIES

Holding of marketable securities at the end of the period

June 30, 2021

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

Table 2

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of June 30, 2021				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
CHENBRO MICOM CO., LTD.	Diamond Creative Holding Limited	None	Non-current financial assets at fair value through other comprehensive income	1,100,000	\$ 32,178	14.29%	\$ 32,178	



CHENBRO MICOM CO., LTD. AND SUBSIDIARIES

Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more

Six months ended June 30, 2021

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

Table 3

If the counterparty is a related party, information as to the last transaction of the real estate is disclosed below:													
Real estate acquired by	Real estate acquired	Date of the event	Transaction amount	Status of payment	Counterparty	Relationship with the counterparty	Original owner who sold the real estate to the counterparty	Relationship between the original owner and the acquirer	Date of the original transaction	Amount	Basis or reference used in setting the price	Reason for acquisition of real estate and status of the real estate	Other commitments
CHENBRO MICOM CO., LTD.	Machouhou Industry Park's productive plant	February 2, 2021	\$ 1,208,529	Based on the contract schedule (Note)	San Min Construction Development Co., Ltd.	None	Not applicable	Not applicable	Not applicable	Not applicable	Price comparison and price negotiation	Expansion of production capacity	None

Note : As of June 30, 2021, the company has paid \$598,733.

CHENBRO MICOM CO., LTD. AND SUBSIDIARIES

Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more

Six months ended June 30, 2021

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

Table 4

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
CHENBRO MICOM CO., LTD.	Chenbro Micom (USA) Incorporation	The Company's subsidiary	Sales	\$ 1,601,258	61	OA 120 days	Note 1	Note 1	\$ 897,886	61	Note 2
Chenbro Technology (Kunshan) Co., Ltd.	CHENBRO MICOM CO., LTD.	Parent-subsidiary company	Sales	1,422,471	76	60 days after monthly billing	Note 1	Note 1	815,210	77	Note 2
Dongguan Procace Electronic Co., Ltd.	CHENBRO MICOM CO., LTD.	Parent-subsidiary company	Sales	224,935	20	60 days after monthly billing	Note 1	Note 1	89,595	14	Note 2
Dongguan Procace Electronic Co., Ltd.	ChenPower Information Technology (Shanghai) Co., Ltd.	Affiliate	Sales	892,716	79	90 days after monthly billing	Note 1	Note 1	542,416	85	Note 2

Note 1: Terms and prices for the abovementioned transactions are the same with third parties.

Note 2: The transactions were eliminated when preparing the consolidated financial statements.

CHENBRO MICOM CO., LTD. AND SUBSIDIARIES

Receivables from related parties reaching \$100 million or 20% of paid-in capital or more

June 30, 2021

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

Table 5

Creditor	Counterparty	Relationship with the counterparty	Balance as at June 30, 2021 (Note 3)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date (Note 1)	Allowance for doubtful accounts (Note 2)
					Amount	Action taken		
CHENBRO MICOM CO., LTD.	Chenbro Micom (USA) Incorporation	Parent-subsidiary company	Accounts receivable \$ 897,886	3.54	\$ 9,739	Subsequent collection	\$ 316,740	\$ -
CHENBRO MICOM CO., LTD.	Chenbro Micom (USA) Incorporation	Parent-subsidiary company	Other receivables \$ 472	Not applicable	-		74	-
Chenbro Technology (Kunshan) Co., Ltd.	CHENBRO MICOM CO., LTD.	Parent-subsidiary company	Accounts receivable \$ 815,210	4.00	37,404	Subsequent collection	203,435	-
Dongguan Procace Electronic Co., Ltd.	ChenPower Information Technology (Shanghai) Co., Ltd.	Affiliate	Accounts receivable \$ 542,416	2.94	-		334,935	-

Note 1: Subsequent collections as of August 10, 2021.

Note 2: As the related parties have excellent credit condition, no allowance for doubtful accounts was recognised.

Note 3: The transactions were eliminated when preparing the consolidated financial statements.

CHENBRO MICOM CO., LTD. AND SUBSIDIARIES  
Significant inter-company transactions during the reporting period  
Six months ended June 30, 2021  
Expressed in thousands of New Taiwan dollars, except as otherwise indicated

Table 6

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Transaction		
					Amount (Notes 3, 6 and 7)	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 5)
0	CHENBRO MICOM CO., LTD.	Chenbro Micom (USA) Incorporation	1	Sales	\$ 1,601,258	Note 4	39
0	CHENBRO MICOM CO., LTD.	Chenbro Micom (USA) Incorporation	1	Accounts receivable	897,886	Note 4	10
1	Chenbro Technology (Kunshan) Co., Ltd.	CHENBRO MICOM CO., LTD.	2	Sales	1,422,471	Note 4	34
1	Chenbro Technology (Kunshan) Co., Ltd.	CHENBRO MICOM CO., LTD.	2	Accounts receivable	815,210	Note 4	9
2	Dongguan Procace Electronic Co., Ltd.	ChenPower Information Technology (Shanghai) Co., Ltd.	3	Sales	892,716	Note 4	21
2	Dongguan Procace Electronic Co., Ltd.	ChenPower Information Technology (Shanghai) Co., Ltd.	3	Accounts receivable	542,416	Note 4	6
2	Dongguan Procace Electronic Co., Ltd.	CHENBRO MICOM CO., LTD.	2	Sales	224,935	Note 4	5

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

(1) Parent company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories:

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: Transaction amounts less than NT\$100 million or 20% of paid-in capital are not disclosed.

Note 4: There is no transaction similar to the above purchases and sales, which are determined in accordance with mutual agreement.

Note 5: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 6: Except for current profit (loss) for the six months ended June 30, 2021 translated using the quarterly average exchange rate in 2021, amounts in currencies other than NTD disclosed by investees are translated using the spot rate at June 30, 2021.

Note 7: The transactions were eliminated when preparing the consolidated financial statements.

CHENBRO MICOM CO., LTD. AND SUBSIDIARIES

Information on investees (not including investees in Mainland China)

Six months ended June 30, 2021

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

Table 7

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at June 30, 2021			Net profit (loss) of the investee for the six months ended June 30, 2021 (Note 4)	Investment income (loss) recognised by the Company for the six months ended June 30, 2021 (Notes 4 and 5)	Footnote
				Balance as at June 30, 2021 (Note 4)	Balance as at December 31, 2020 (Note 4)	Number of shares	Ownership (%)	Book value (Note 4)			
CHENBRO MICOM CO., LTD.	Micom Source Holding Company	Cayman Islands	Holding company	\$ 720,264	\$ 720,264	22,323,002	100	\$ 2,216,986	\$ 37,557	\$ 23,206	Notes 1 and 4
CHENBRO MICOM CO., LTD.	Chenbro Micom (USA) Incorporation	USA	General trading company	32,408	32,408	10,000,000	100	360,340	131,222	123,938	Notes 1 and 4
CHENBRO MICOM CO., LTD.	Cloudwell Holdings, LLC.	USA	Real estate leasing company	109,365	109,365	3,600,000	100	111,055	1,015	1,015	Notes 4 and 5
CHENBRO MICOM CO., LTD.	Chenbro GmbH	Germany	General trading company	9,019	9,019	250,000	100	3,901 (	7,160) (	7,222)	Notes 1 and 4
CHENBRO MICOM CO., LTD.	Chen-Feng Precession Co., Ltd.	Taiwan	Manufacturing of NCT	56,000	56,000	5,600,000	70	47,553 (	1,033) (	723)	
Micom Source Holding Company	AMAC International Company	Cayman Islands	Holding company	179,781	179,781	6,452,738	100	73,847 (	533)	-	Notes 3 and 4
Micom Source Holding Company	AMBER International Company	Cayman Islands	Holding company	229,566	229,566	8,239,890	100	1,624,445	43,563	-	Notes 3 and 4
Micom Source Holding Company	ADEPT International Company	British Virgin Islands	Holding company	440,188	440,188	35,346	100	566,863 (	5,460)	-	Notes 3, 4 and 6
ADEPT International Company	PROCASE & MOREX Corporation	British Virgin Islands	Trading/ order taking company	236,810	236,810	35,502	100	540,731 (	4,089)	-	Notes 2, 4 and 5

Note 1: Investment income (loss) recognised for the six months ended June 30, 2021 includes recognition and elimination of realised and unrealised gain (loss) on upstream transactions.

Note 2: The indirect reinvestment company of the Company and investment income / loss recognised by ADEPT International Company.

Note 3: The indirect reinvestment company of the Company and investment income / loss recognised by Micom Source Holding Company.

Note 4: Except for current profit (loss) for the six months ended June 30, 2021 translated using the quarterly average exchange rate in 2021, amounts in currencies other than NTD disclosed by investees are translated using the spot rate at June 30, 2021.

Note 5: Investment income / loss recognised by the Company includes only that of the subsidiaries in which the Company directly invested and that of investees accounted for using equity method.

Note 6: ADEPT International Company was dissolved under the resolution of the Board of Directors on May 12, 2020.

CHENBRO MICOM CO., LTD. AND SUBSIDIARIES

Information on investments in Mainland China

Six months ended June 30, 2021

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

Table 8

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2021	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the six months ended June 30, 2021		Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2021	Net income of investee for the six months ended June 30, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the six months ended June 30, 2021 ( Note 1 )	Book value of investments in Mainland China as of June 30, 2021	Accumulated amount of investment income remitted back to Taiwan as of June 30, 2021	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Chenbro Technology (Kunshan) Co., Ltd.	Manufacturing and processing of computer cases	\$ 278,600	\$ 2	\$ 278,600	\$ -	\$ -	\$ 278,600	\$ 24,551	\$ 100	\$ 24,551	\$ 1,422,801	\$ 767,130	Notes 2, 4, 5 and 7
Dongguan Procace Electronic Co., Ltd.	Manufacturing and processing of computer cases	349,420	2	83,469	-	-	83,469	( 4,423)	100	( 4,423)	614,488	-	Notes 3 and 7
ChenPower information Technology (Shang Hai) Co., Ltd.	Trading and order taking	58,506	2	-	-	-	-	19,340	100	19,340	203,915		Notes 2, 6 and 7

Investment method:

1.Directly invest in a company in Mainland China.

2.Through investing in an existing company in the third area, which then invested in the investee in Mainland China.

3.Others.

Note 1: The investment income / loss of current period were audited by independent accounts of the Company.

Note 2: The Company reinvested through Amber International Company.

Note 3: The Company reinvested through Procace & Morex Corporation and AMAC International Company.

Note 4: The Company distributed cash dividends of \$302,406 (net of taxation on earnings remitted from Mainland China) to the Company through the holding companies, Amber International Company and Micom Source Holding Company on October 17, 2014.

Note 5: The Company distributed cash dividends of \$464,724 (net of taxation on earnings remitted from Mainland China) to the Company through the holding companies, Amber International Company and Micom Source Holding Company on May 28, 2020.

Note 6: The Company incorporated on October 8, 2016 and was reinvested by Chenbro Technology (Kunshan) Co., Ltd. through AMBER International Company at amount of USD\$ 2.1 million as capital of the Company on December 23, 2016.

Note 7: Except for current profit (loss) for the six months ended June 30, 2021 translated using the quarterly average exchange rate in 2021, amounts in currencies other than NTD disclosed by investees are translated using the spot rate at June 30, 2021.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2021	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 8)
CHENBRO MICOM CO., LTD.	\$ 362,069	\$ 384,698	\$ -

Note 8: Pursuant to the Gong-Zhi-Zi Order No. 10920436020, certificate for qualified operational headquarters, issued by the Industrial Development Bureau, Ministry of Economic Affairs on February 2, 2020, there is no ceiling on accumulated investments in Mainland China for the period from November 26, 2020 to November 25, 2023.

## CHENBRO MICOM CO., LTD. AND SUBSIDIARIES

## Major shareholders information

June 30, 2021

Table 9

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
Chen Fengming	13,614,433	11.26
Pengwei Investment Holdings	12,210,000	10.10
Lianmei Investment	11,907,000	9.85
Chen Meichi	9,656,009	7.98
Minguang Investment Holding	9,243,967	7.64