OFCO Industrial Corp. and Subsidiaries

Consolidated Financial Statements and Independent Auditor's Review Report

For the Nine Months Ended September 30, 2021 and 2020

Stock Code: 5011

Address: No. 299, Yulin Rd., Xilin Vil.,Qiaotou Dist.,
Kaohsiung City

Tel.: (07)612-5899

OFCO Industrial Corp. and Subsidiaries

Consolidated Financial Statements and Independent Auditor's Review Report For the Nine Months Ended September 30, 2021 and 2020

Table of Contents

Item	Page
I. Cover Page	1
II. Table of Contents	2 ~ 3
III. Independent Auditor's Review Report	4 ~ 5
IV. Consolidated Balance Sheet	6 ~ 9
V. Consolidated Statements of Income	10 ~ 11
VI. Consolidated Statement of Changes in Equity	12 ~ 13
VII. Consolidated Statement of Cash Flows	14 ~ 16
VIII. Notes to the Consolidated Financial Statements	17 ~ 80
(I) History of the Company	17
(II) Date and procedure for the adoption of the financial statements	17
(III) Application of newly issued and revised standards and interpretations	17 ~ 18
(IV) Summary of significant accounting policies	18 ~ 32
(V) Critical accounting judgments and key sources of estimation and uncertainty	32
(VI) Statements on significant accounting items	33 ~ 66
(VII) Related party transactions	66 ~ 69
(VIII) Pledged assets	69 ~ 70
(IX) Significant contingent liabilities and unrecognized contractual commitments	70

Item	Page
(X) Significant catastrophic losses	70
(XI) Material Events After the Balance Sheet Date	70
(XII) Others	70 ~ 78
(XIII) Additional Disclosures	78
（XIV) Segments Information	79 ~ 80

Auditor’s Review Report

(110)Certificate No. 21002180

OFCO Industrial Corp.

Foreword

We have reviewed the accompanying consolidated balance sheets of OFCO Industrial Corp. and subsidiaries (hereinafter collectively referred to as "OFCO Group") as of September 30, 2021 and 2020 , the related consolidated statements of income for the three months and nine months ended September 30, 2021 and 2020, changes in equity, and cash flows for the nine months ended September 30, 2021 and 2020 , and the related consolidated notes to the financial statements (including the summary of significant accounting policies). The preparation of consolidated financial statements in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting", as endorsed by the Financial Supervisory Commission, is the responsibility of the Company’s management. Our responsibility is to the express the conclusion of the financial statements based on our review.

Scope of Review

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

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying financial statements do not present fairly, in all material respects, the financial position of the Company as of September 30 , 2021 and 2020, and of its financial performance for the three months and nine months ended September 30, 2021 and 2020, and its cash flows for the nine months ended September 30 , 2021 and 2020, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

PwC Taiwan

Tzu-Yu Lin

Certified Public Accountant

Tzu-Meng Liu

Former Securities Management Committee, Ministry of Finance

TWSE Approval No.: (82) (6) TWSE No. 44927

(84) (6) TWSE No.29174

November 10 ,2021

OFCO Industrial Corp. and Subsidiaries
Consolidated Balance Sheets
September 30, 2021 and December 31 and September 30 , 2020
(The accompanying consolidated balance sheets as of September 30 2021 and 2020 have been reviewed only, and have not been audited in accordance with Generally Accepted Auditing Standards.)

Unit: NT$ thousand

	Assets	Note	September 30,2021 Amount	%	December 31,2020 Amount	%	September 30,2020 Amount	%
	Current Assets							
1100	Cash and cash equivalents	6(1)	$ 516,724	17	$ 261,027	12	$ 128,010	7
1110	Financial assets at fair value through profit or loss - current	6(2)	28,097	1	-	-	516	-
1120	Financial assets at fair value through other comprehensive income or loss - current	6(3)&8	100,443	3	64,523	3	55,281	3
1136	Financial Assets Carried at Cost-Current	6(1)&8	228,904	7	301,864	14	208,776	11
1150	Notes receivable net	6(4)(8)	55,963	2	55,354	3	55,256	3
1170	Accounts receivable net	6(4)&12	438,692	14	273,652	13	246,381	13
1180	Accounts receivable net - related parties	6(4)&7	113,385	4	37,954	2	32,663	2
1200	Other receivables		11,444	-	11,440	-	6,231	-
1220	Current tax assets	6(30)	-	-	11	-	-	-
130X	Inventories	5(2)&6(5)	356,892	12	249,206	12	254,426	14
1410	Pre-payments	6(6)	181,227	6	85,188	4	84,488	4
11XX	**Total current assets**		2,031,771	66	1,340,219	63	1,072,028	57
	Non-current assets							
1510	Financial assets at FVTPL - Non-current	6(7)	-	-	32	-	-	-
1535	Financial Assets Carried at Cost-Non-current	6(1)&8	22,500	1	-	-	-	-
1600	Property, Plant and Equipment	6(8)(12)、7&8	642,147	21	579,619	27	592,624	32
1755	Right-of-use assets	6(9)	97,818	3	8,435	1	10,194	1
1760	Investment property- net	6(10)	31,002	1	31,002	2	31,002	2
1780	Intangible Assets	6(11)(32)	20,038	1	19,422	1	19,445	1
1840	Deferred tax assets	5(2)&6(30)	76,212	3	56,452	3	57,708	3
1915	Prepayments for equipment		106,037	4	462	-	462	-
1920	Refundable deposits		9,274	-	4,115	-	2,866	-
1930	Long-term notes and accounts receivable	6(8)	9,200	-	50,600	2	64,400	3
1975	Net defined benefit assets – non-current	6(18)	8,326	-	8,309	-	1,975	-
1990	Other non-current assets - others	7	12,425	-	17,265	1	20,636	1

OFCO Industrial Corp. and Subsidiaries
Consolidated Balance Sheets
September 30, 2021 and December 31 and September 30 , 2020
(The accompanying consolidated balance sheets as of September 30 2021 and 2020 have been reviewed only, and have not been audited in accordance with Generally Accepted Auditing Standards.)

Unit: NT$ thousand

15XX	**Total non-current assets**	1,034,979	34	775,713	37	801,312	43
1XXX	**Total Assets**						10
		$ 3,066,750	100	$ 2,115,932	100	$ 1,873,340	0

OFCO Industrial Corp. and Subsidiaries
Consolidated Balance Sheets
September 30, 2021 and December 31 and September 30 , 2020
(The accompanying consolidated balance sheets as of September 30 2021 and 2020 have been reviewed only, and have not been audited in accordance with Generally Accepted Auditing Standards.)

Unit: NT$ thousand

	Liabilities and Equity	Notes	September 30,2021 Amount	%	December 31 2020 Amount	%	September 30, 2020 Amount	%
	Current liabilities							
2100	Short-term loans	6(13)&8	$ 579,509	19	$ 547,289	26	$ 669,205	36
2110	Short-term notes & bills payable	6(14)&8	60,000	2	60,000	3	50,000	3
2120	Financial liabilities at fair value through profit or loss - current	6(2)	-	-	568	-	-	-
2130	Contract liability - current	6(23)	11,559	1	15,724	1	2,274	-
2150	Notes payable		27,273	1	16,311	1	18,816	1
2160	otes Payable - Related Parties	7	3,550	-	2,102	-	1,851	-
2170	Accounts payable		250,630	8	184,193	9	92,065	5
2180	Accounts payable - Related parties	7	107,002	4	63,002	3	45,480	2
2200	Other payables	6(15)&7	130,907	4	92,109	4	85,642	5
2230	Current tax liabilities	6(30)	6,685	-	4,282	-	1,666	-
2280	Lease liabilities - Current	6(9)	10,203	-	6,655	-	8,393	-
2320	Current portion of long-term liabilities	6(16)(17)&8	30,723	1	77,523	4	63,891	3
2399	Other current liabilities- other		36,000	1	-	-	-	-
21XX	**Total current liabilities**		1,254,041	41	1,069,758	51	1,039,283	55
	Non-current liabilities							
2530	Bonds payable	6(16)	-	-	81,844	4	259,164	14
2540	Long-term loans	6(17)&8	24,345	1	272,454	13	54,876	3
2570	Deferred tax liabilities	6(30)	19,444	-	19,600	1	19,913	1
2580	Lease liabilities – Non-current	6(9)	88,056	3	1,972	-	2,082	-
2670	Other non-current liabilities - other		-	-	10,579	-	10,594	1
25XX	**Total Non-Current Liabilities**		131,845	4	386,449	18	346,629	19
2XXX	**Total liabilities**		1,385,886	45	1,456,207	69	1,385,912	74
	Equity attributed to the stockholders of the parent							
	Share capital	6(16)(19)						
3110	Common stock		760,218	25	423,793	20	411,359	22
3130	Bond for Equity Certificates		-	-	96,561	5	12,434	1
3200	Additional paid-in capital	6(16)(19)(20)(21)	711,937	23	203,088	10	111,050	5
	Retained earnings	6(20)(22)						
3320	Special reserve		7,745	-	7,745	-	7,745	1
3350	Unappropriated earnings		87,110	3	(58,571)	(3)	(37,071)	(2)
3400	Other interests	6(3)	(22,436)	(1)	(14,713)	(1)	(24,328)	(1)
31XX	**Total equity attributed**		1,544,574	50	657,903	31	481,189	26

The Note to Consolidated Financial Statements appended to the statements form part of the Consolidated Financial Statements. Please read together.

Chairman:Norman Sun　　President:Ju-YenWu　　Accounting Director: Mei-Yu Wang

OFCO Industrial Corp. and Subsidiaries

Consolidated Balance Sheets

September 30, 2021 and December 31 and September 30 , 2020

(The accompanying consolidated balance sheets as of September 30 2021 and 2020 have been reviewed only, and have not been audited in accordance with Generally Accepted Auditing Standards.)

Unit: NT$ thousand

	to the stockholders of the parent company							
36XX	**Non-controlling interest**	4(3)	136,290	5	1,822	-	6,239	-
3XXX	**Total equity**		1,680,864	55	659,725	31	487,428	26
	Significant contingent liabilities and unrecognized commitments	9						
	Material Events After the Balance Sheet Date	11						
3X2X	**Total liabilities and equity**		$ 3,066,750	100	$ 2,115,932	100	$ 1,873,340	100

The Note to Consolidated Financial Statements appended to the statements form part of the Consolidated Financial Statements. Please read together.

Chairman:Norman Sun President:Ju-YenWu Accounting Director: Mei-Yu Wang

OFCO Industrial Corp. and Subsidiaries

Consolidated Statement of Comprehensive Income

For the three-month and nine-month periods ended September 30, 2021 and 2020

(Reviewed only, not audited in accordance with Generally Accepted Auditing Standards)

Unit: NT$ thousand

(In addition to the loss per share of NT$)

	Items	NoteS	July 1 to September 30, 2021 Amount	%	July 1 to September 30, 2020 Amount	%	January 1 to September30, 2021 Amount	%	Jaumart 1 to September 30,2020 Amount	%
4000	Operating revenue	4(23)&7	$ 912,684	100	$ 649,250	100	$ 2,617,339	100	$ 1,094,218	100
5000	Operating costs	6(5)(18)(28)(29)、7&12	(813,232)	(89)	(598,853)	(93)	(2,451,389)	(93)	(1,063,427)	(97)
5900	Gross profit		99,452	11	50,397	7	165,950	7	30,791	3
	Operating Expenses	6(18)(28)(29)&7								
6100	Marketing expenses		(8,009)	(1)	(6,643)	(1)	(24,623)	(1)	(19,328)	(2)
6200	Administrative Expenses		(28,566)	(3)	(25,170)	(4)	(72,492)	(3)	(55,202)	(5)
6300	R&D Expenses		(324)	-	(2,040)	-	(1,484)	-	(6,978)	(1)
6450	Expected credit loss (recognized) reversed		-	-	(1)	-	-	-	(1)	-
6000	Total operating expenses		(36,899)	(4)	(33,854)	(5)	(98,599)	(4)	(81,509)	(8)
6900	Operating incime(losses)		62,553	7	16,543	2	67,351	3	(50,718)	(5)
	Non-operating income & expenses									
7100	Interest income	6(24)	57	-	56	-	271	-	367	-
7010	Other income	6(25)	3,645	-	5,231	1	6,762	-	5,898	1
7020	Other gains or losses	6(2)(7)(8)(9)(16)(26)&12	(10,639)	(1)	(2,621)	-	11,181	-	(1,047)	-
7050	Financial costs	6(9)(16)(27)	(2,523)	-	(3,611)	(1)	(8,017)	-	(8,568)	(1)
7000	Total non-operating Income and expenses		(9,460)	(1)	(945)	-	10,197	-	(3,350)	-
7900	**Net income(loss) before tax**		53,093	6	15,598	2	77,548	3	(54,068)	(5)
7950	Income tax benefits (expenses)	6(30)	(7,005)	(1)	(720)	-	11,076	-	9,086	1
8200	**Net income(loss)**		$ 46,088	5	$ 14,878	2	$ 88,624	3	($ 44,982)	(4)
	Other comprehensiv income									
	Items that will not be re-classified into profit and loss									
8316	Unrealized profit and loss on the equity instrument investments at fair value through other comprehensive income	6(3)	($ 1,949)	-	($ 856)	-	($ 6,569)	-	($ 10,867)	(1)
8300	**Other comprehensive income(net)**		($ 1,949)	-	($ 856)	-	($ 6,569)	-	($ 10,867)	(1)
8500	**Total comprehensive income**		$ 44,139	5	$ 14,022	2	$ 82,055	3	($ 55,849)	(5)
	Net profit (loss) attributed									

The Note to Consolidated Financial Statements appended to the statements form part of the Consolidated Financial Statements. Please read together.

Chairman:Norman Sun President:Ju-YenWu Accounting Director: Mei-Yu Wang

OFCO Industrial Corp. and Subsidiaries
Consolidated Statement of Comprehensive Income
For the three-month and nine-month periods ended September 30, 2021 and 2020
(Reviewed only, not audited in accordance with Generally Accepted Auditing Standards)

Unit: NT$ thousand
(In addition to the loss per share of NT$)

8610	Stockholders of the Parent company		$ 43,717	5	$ 14,144	2	$ 85,956	3	($ 45,824)	(4)
8620	non-controlling interest		2,371	-	734	-	2,668	-	842	-
			$ 46,088	5	$ 14,878	2	$ 88,624	3	($ 44,982)	(4)
	Total comprehensive income attributed to:									
8710	Stockholders of the Parent company		$ 41,768	5	$ 13,288	2	$ 79,387	3	($ 56,691)	(5)
8720	non-controlling interest		2,371	-	734	-	2,668	-	842	-
			$ 44,139	5	$ 14,022	2	$ 82,055	3	($ 55,849)	(5)
	Earning(Loss) per share	6(31)								
9750	Basic		$ 0.58		$ 0.35		$ 1.29		($ 1.14)	
9850	Diluted		$ 0.57		$ 0.26		$ 1.26		($ 1.14)	

The Note to Consolidated Financial Statements appended to the statements form part of the Consolidated Financial Statements. Please read together.

Chairman:Norman Sun　　President:Ju-YenWu　　Accounting Director: Mei-Yu Wang

OFCO Industrial Corp. and Subsidiaries
Consolidated Statements of Changes Equity
January 1 to September 30, 2021 and 2020
(Reviewed only, not audited in accordance with Generally Accepted Auditing Standards)

Unit: NT$ thousand

		Equity attributed to the owners of parent-company											
		Share capital			Retained earnings			Other components of equity					
	Note	Common stoc	Bond for Equity Certificates	Additional paid-in capital	Legal reserve	Special reserve	Unappropriated earnings	he exchange difference in the conversion of financial statements of foreign business institutions	Unrealized profit and loss on the financial assets at fair value through other comprehensive income	Treasury stocks	Total	Non-controlling interest	
January 1 to September 30, 2020													
Balance as of January 1, 2020		$ 411,359	$ -	$ 111,676	$ 5,409	$ 7,745	($ 22,953)	$ -	($ 4,708)	$ -	$ 508,528	$ 4,082	$ 512,610
Net income(loss) for January to September 2020		-	-	-	-	-	(45,824)	-	-	-	(45,824)	842	(44,982)
Other comprehensive income for January to September 2020	6(3)	-	-	-	-	-	-	-	(10,867)	-	(10,867)	-	(10,867)
Total consolidated profit and loss for January to September 2020		-	-	-	-	-	(45,824)	-	(10,867)	-	(56,691)	842	(55,849)
Capital surplus cover accumulated deficits	6(20)	-	-	(17,544)	-	-	17,544	-	-	-	-	-	-
Legal reserve cover accumulated deficits	6(22)	-	-	-	(5,409)	-	5,409	-	-	-	-	-	-
Repurchase of convertible bonds	6(16)(20)	-	-	40	-	-	-	-	-	-	40	-	40
Repurchase of treasury stock	6(19)	-	-	-	-	-	-	-	-	(22,390)	(22,390)	-	(22,390)
Repurchase of treasury stock		-	-	-	-	-	-	-	-	-	-	1,315	1,315
Disposal of financial assets at fair value through other comprehensive income	6(3)	-	-	-	-	-	8,753	-	(8,753)	-	-	-	-
Conversion of bonds into capital stock	6(16)(20)	-	12,434	10,312	-	-	-	-	-	-	22,746	-	22,746
Repurchase of treasury stock	6(19)(20)	-	-	(2)	-	-	-	-	-	22,390	22,388	-	22,388
Employee Stock Options Compensation Costs	6(20)(21)(29)	-	-	6,568	-	-	-	-	-	-	6,568	-	6,568
Balance as of September 30, 2020		$ 411,359	$ 12,434	$ 111,050	$ -	$ 7,745	($ 37,071)	$ -	($ 24,328)	$ -	$ 481,189	$ 6,239	$ 487,428
January 1 to September 30, 2021													
Balance as of January 1, 2021		$ 423,793	$ 96,561	$ 203,088	$ -	$ 7,745	($ 58,571)	$ 373	($ 15,086)	$ -	$ 657,903	$ 1,822	$ 659,725
Net income for January to September 2020		-	-	-	-	-	85,956	-	-	-	85,956	2,668	88,624
Other comprehensive income for January to September 2021	6(3)	-	-	-	-	-	-	-	(6,569)	-	(6,569)	-	(6,569)
Total consolidated profit and loss for January to September 2021		-	-	-	-	-	85,956	-	(6,569)	-	79,387	2,668	82,055
Capital surplus cover accumulated deficits	6(20)	-	-	(58,571)	-	-	58,571	-	-	-	-	-	-
Increase of common stock for cash	6(19)(20)	200,000	-	448,350	-	-	-	-	-	-	648,350	-	648,350

The Note to Consolidated Financial Statements appended to the statements form part of the Consolidated Financial Statements. Please read together.
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Chairman：Norman Sun   President：Ju-YenWu   Accounting Director：Mei-Yu Wang

OFCO Industrial Corp. and Subsidiaries
Consolidated Statements of Changes Equity
January 1 to September 30, 2021 and 2020
(Reviewed only, not audited in accordance with Generally Accepted Auditing Standards)

Unit: NT$ thousand

	Note	Equity attributed to the owners of parent-company											
		Share capital			Retained earnings			Other components of equity					
	Note	Common stoc	Bond for Equity Certificates	Additional paid-in capital	Legal reserve	Special reserve	Unappropriated earnings	he exchange difference in the conversion of financial statements of foreign business institutions	Unrealized profit and loss on the financial assets at fair value through other comprehensive income	Treasury stocks	Total	Non-controlling interest	
Disposal of financial assets at fair value through other comprehensive income	6(3)	-	-	-	-	-	1,154	-	(1,154)	-	-	-	-
Conversion of bonds into capital stock	6(16)(20)	136,425	(96,561)	30,950	-	-	-	-	-	-	70,814	-	70,814
Employee Stock Options Compensation Costs	6(20)(21)(29)	-	-	3,237	-	-	-	-	-	-	3,237	-	3,237
Changes in ownership interests in subsidiaries recognized	6(20)	-	-	84,883	-	-	-	-	-	-	84,883	(84,883)	-
Changes in non-controlling interests		-	-	-	-	-	-	-	-	-	-	216,683	216,683
Balance as of September 30, 2021		$ 760,218	$ -	$ 711,937	$ -	$ 7,745	$ 87,110	$ 373	($ 22,809)	$ -	$ 1,544,574	$ 136,290	$ 1,680,864

The Note to Consolidated Financial Statements appended to the statements form part of the Consolidated Financial Statements. Please read together.
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Accounting Director：Mei-Yu Wang

Chairman：Norman Sun

President：Ju-YenWu

OFCO Industrial Corp. and Subsidiaries
Consolidated Statements of Cash Flows
January 1 to September 30, 2021 and 2020
(Reviewed only, not audited in accordance with Generally Accepted Auditing Standards)
Unit: NT$ thousand

	Note	January 1 to September 30, 2021	January 1 to September 30, 2020
Cash flows from operating activities			
Net income(loss) before tax		$ 77,548	($ 54,068)
Adjustments			
Income charges (credits)			
Gain on financial assets and liabilities measured at fair value through profit or loss		(25,158)	(1,138)
Expected credit loss recognized (reversed) on trade receivables	12	-	1
Loss on inventory reduce of market	6(5)	6,645	11,028
Depreciation expense	6(8)(8)(28)	48,794	50,737
Amortization expense	6(11)(28)	121	26
Net loss on disposal of property, plant and equipment	6(26)	4,564	2,766
Lease Modification Benefit	6(9)(26)	-	(6)
Loss on repurchase of corporate bonds	6(16)(26)	-	26
Employee Stock Options Compensation Costs	6(20)(21)(29)	3,237	6,568
Dividend revenue	6(3)(25)	(2,438)	(3,423)
Interest revenue	6(24)	(271)	(367)
Interest expense	6(27)	8,017	8,568
Foreign exchange loss		3,131	-
Changes in assets/liabilities related to operating activities			
Changes in assets relating to operating activities net			
Financial assets at fair value through profit or loss - current		(3,475)	-
Notes receivable		(609)	6,008
Accounts receivable		(165,040)	(93,797)
Accounts receivable-related parties		(75,431)	(29,992)
Other receivables		(4)	1,229
Inventories		(114,331)	62,863
Pre-payments		(96,039)	(3,688)
Net defined benefit assets - non-current		(17)	(5)
Changes in liabilities relating to operating activities ne			
Contract liability - current		(4,165)	(388)
Notes payable		10,962	(29,762)
Notes Payable - Related Parties		1,448	-
Accounts payable		66,437	71,690
Accounts payable-Related parties		44,000	13,499
Other payables		29,855	(6,163)
Other current liabilities - other		36,000	-
Other non-current liabilities - other		(10,579)	22
Cash (outflow) inflow of business operations		(156,798)	12,234
Dividends received		2,438	3,423

The Note to Consolidated Financial Statements appended to the statements form part of the Consolidated Financial Statements. Please read together.

Chairman:Norman Sun President:Ju-YenWu Accounting Director: Mei-Yu Wang

OFCO Industrial Corp. and Subsidiaries
Consolidated Statements of Cash Flows
January 1 to September 30, 2021 and 2020
(Reviewed only, not audited in accordance with Generally Accepted Auditing Standards)
Unit: NT$ thousand

	Note	January 1 to September 30, 2021	January 1 to September 30, 2020
Interest receivable		271	367
Interest payable		(8,047)	(7,349)
Income Taxes Collected		(6,426)	(461)
Net Cash In-Flow(Out-Flow) from Operating Activities		(168,562)	8,214
Cash flows from investing activities			
Acquisition of financial assets at fair value through other comprehensive income - current		($ 70,421)	$ -
Disposal of financial assets at fair value through other comprehensive income - current	6(3)	27,932	38,692
Disposal price of non-current assets		-	41,565
Reduction(Increase) in Financial Assets Carried at Cost-Current		69,829	(79,686)
Increase in financial Assets Carried at Cost- Non-current		(22,500)	-
Cash paid for acquisition of property, plant and equipment	6(33)	(43,051)	(8,513)
Cash receipts from disposal of property, plant and equipment	6(33)	45,877	32,236
Acquisition of intangible assets	6(11)	(737)	(468)
Increase in prepayments for equipment		(169,532)	(3,002)
Cash receipts from disposal of other assets- non-current	6(33)	4,189	3,723
Refundable deposits reduction (increment)		(5,159)	(800)
Other non-current assets - other decreases		4,840	7,299
Cash paid for acquisition of subsidiary	6(33)	-	(93,735)
Net cash used in investing activities		(158,733)	(62,689)
Cash flows from financing activities			
Short-term borrowings	6(34)	1,999,730	1,811,913
Repayment of short-term loans	6(34)	(1,967,510)	(1,793,609)
Increase in Short-term notes and bills payable	6(34)	-	40,000
Repurchase of convertible bonds	6(16)(34)	-	(513)
Repayments of lease principal	6(34)	(8,299)	(7,378)
Long-term borrowings	6(34)	-	57,323
Repayment of long-term loans	6(34)	(305,962)	(114,405)
Repurchase of treasury stock	6(19)	-	(22,390)
Increase of common stock for cash	6(19)	648,350	-

The Note to Consolidated Financial Statements appended to the statements form part of the Consolidated Financial Statements. Please read together.

Chairman:Norman Sun President:Ju-YenWu Accounting Director: Mei-Yu Wang

OFCO Industrial Corp. and Subsidiaries
Consolidated Statements of Cash Flows
January 1 to September 30, 2021 and 2020
(Reviewed only, not audited in accordance with Generally Accepted Auditing Standards)

Unit: NT$ thousand

	Note	January 1 to September 30, 2021	January 1 to September 30, 2020
Repurchase of treasury stock	6(19)	-	22,388
Changes in non-controlling interests		216,683	-
Net cash inflows from financing activities		582,992	(6,671)
Increase/(Reduction) in cash and cash equivalents		255,697	(61,146)
Balance of cash and cash equivalents, beginning of period	6(1)	261,027	189,156
Balance of cash and cash equivalents, end of period	6(1)	$ 516,724	$ 128,010

The Note to Consolidated Financial Statements appended to the statements form part of the Consolidated Financial Statements. Please read together.

Chairman:Norman Sun President:Ju-YenWu Accounting Director: Mei-Yu Wang

OFCO Industrial Corp. and Subsidiaries
Notes to consolidated financial statements
For the Nine Months Ended Septmber 30, 2021 and 2020
(Reviewed only, not audited in accordance with Generally Accepted Auditing Standards)
Unit: NT$ thousand
(Unless otherwise specified)

1. Organization and operations

(1) OFCO Industrial Corp. (hereinafter referred to as "the Company") was established on November 21, 1984 in accordance with the provisions of the Company Act. The main business scope includes the manufacturing of fastener screws and related products, metal heat treatment OEM and trading. For the major operating items of subsidiaries included in the consolidated financial statements of the Company and its subsidiaries (hereinafter collectively referred to as "the Group"), please refer to Note 4, (3) for the description of the basis of consolidation.

(2) The Company's shares have been traded on the Taipei Exchange (TPEx) since May 1999.

2. The Authorization of Financial Statements

This consolidated financial statements were submitted to the Board of Directors and issued on November 10, 2021.

3. Application of New and Revised International Financial Reporting Standards

(1) The impact from adopting the newly released and revised International Financial Reporting Standards recognized by the Financial Supervisory Commission (FSC).

The following table summarizes the applicable newly released, corrected and amended standards and interpretations of the International Financial Reporting Standards (IFRS) recognized by the Financial Supervisory Commission in 2021:

Newly released / corrected / amended standards and interpretations	Effective Date Issued by IASB
Amendments to IFRS 4, "Extension of the Temporary Exemption from Applying IFRS 9".	January 1, 2021
IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Phase 2 Amendments to "Interest Rate Benchmark Reform".	January 1, 2021
Amendments to IFRS 16 "Post-June 30, 2021 COVID-19 -Related Rent Concessions".	April 1, 2021 (Note)

Note: The FSC permitted early adoption on January 1, 2021.

The Group has assessed that the above standards and interpretations do not have a material impact on the Group's financial position and financial performance.

(2) Impact of the newly released and amended IFRS recognized by the FSC not yet adopted by the Company.

The following table summarizes the applicable newly released, corrected and amended standards and interpretations of the International Financial Reporting Standards (IFRS) recognized by the Financial Supervisory Commission in 2022:

Newly released / corrected / amended standards and interpretations	Effective Date Issued by IASB
IFRS 3 amendment, "Reference to Conceptual Framework"	January 1, 2022
Amendments to IAS 16, "Property, Plant and Equipment: Proceeds before Intended Use	January 1, 2022
Amendments to IAS 37, "Onerous Contracts cost of fulfilling a contract"	January 1, 2022
Annual improvements to 2018 - 2020 cycle	January 1, 2022

The Group has assessed that the above standards and interpretations do not have a material impact on the Group's financial position and financial performance.

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

The following table summarizes the applicable newly released, corrected and amended standards and interpretations of the International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) but not yet recognized by the FSC:

Newly released / corrected / amended standards and interpretations	Effective Date Issued by IASB
Amendments to IFRS 10 and IAS 28 " Sales or contributions of assets between an investor and its associate/joint venture"	To be determined by the IASB
IFRS 17 - Insurance contracts	January 1, 2023
Amendment to IFRS 17 - Insurance contracts	January 1, 2023
Amendment to IAS 1 "Classification of Liabilities as Current or Non-Current"	January 1, 2023
Amendment to IAS 1 - "Disclosure of Accounting Policies"	January 1, 2023
Amendment 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 Group has assessed that the above standards and interpretations do not have a material impact on the Group's financial position and financial performance.

4.Summary of significant accounting policies

The principal accounting polices applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Statement of compliance

The consolidated financial statements have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and IAS34 "Interim Financial Reporting", as approved by the FSC.

(2) Basis of preparation

A. Except for the following items, these consolidated financial statements have been prepared under the historical cost convention.

① Financial assets at fair value through profit or loss (including derivatives).

② Financial assets at fair value through other comprehensive income.

③ The defined benefit asset is recognized as the net of the present value of the defined benefit obligation of the pension fund.

B. The preparation of consolidated financial statements in conformity with International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations and Interpretative Pronouncements (IFRSs) as endorsed by the FSC requires the use of certain critical accounting estimates. The application of the Company's accounting policies also requires management to exercise its judgment in the process of applying those policies that involve a higher degree of judgment or complexity, or items that involve significant assumptions and estimates in the consolidated financial statements. Please refer to Note 5 for a description of significant accounting judgments, estimates and key sources of assumption uncertainty.

(3) Basis of consolidation

A. The basis for preparation of consolidated financial statements

① All subsidiaries are included in the Corporate Group’s consolidated financial statements. A subsidiary is an entity (including a structured entity) that is controlled by the Group. When the Group is exposed to variable remuneration from participation in the entity or has rights to such variable remuneration and, through its power over the entity, has the ability to affect such remuneration, then the Group is in control of the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

② Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Corporate Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Corporate Group.

③ The profit and loss and the components of other comprehensive income attribute to the owners of the parent company and non-controlling interest. The total comprehensive income also attributes to the owners of the parent company and non-controlling interest, even if this results in the non-controlling interests having a deficit balance.

④ Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are equity transactions, and they are considered as transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is directly recognized in equity.

⑤ When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business	Ownership (%) September 30, 2021	December 31, 2020	September 30, 2020	Description
OFCO Industrial Corp.	TSG Transport Corp.	Container rental, transportation and packing services	100.00	100.00	92.00	—
OFCO Industrial Corp.	TSG Environmental Technology Corp.	Recycling of materials, waste disposal services, etc.	100.00	100.00	100.00	—
OFCO Industrial Corp.	Yung Fu Co., Ltd.	Garbage and Business Commissioning by waste incineration plants for management services and Small and medium-sized incineration furnace project planning, design turnkey services	79.22	99.00	99.00	(Note 1)
Yung Fu Co., Ltd.	TSG POWER Corp.	Energy technology services	100.00	100.00	-	(Note 2)

(Note 1) In order to cooperate with Yung Fu Co., Ltd.'s future application for stock listing (counter) plan, Yung Fu Co., Ltd. handled the cash capital increase case from January to September, 2021. The shareholding ratio fell to 79.22%.

(Note 2) Newly established in October 2020.

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

D. Adjustment and treatment of different accounting periods of subsidiaries: None.

E. Significant limitations: None.

F. Subsidiaries with non - controlling interests that are significant to the Group: None.

① The total non-controlling interests of the Group as of September 30, 2021, December 31, 2020 and September 30, 2020 were $136,290, $1,822 and $6,239, respectively. Information about non-controlling interests and subsidiaries that are material to the Group is as follows：

Name of Subsidiary	Main place of business	Non-controlling interests			
		September 30, 2021		December 31, 2020	
		Amount	Ownership (%)	Amount	Ownership (%)
Yung Fu Co., Ltd.	Taiwan	$136,290	20.78%	$1,822	1.00%

Name of Subsidiary	Main place of business	Non-controlling interests	
		September 30, 2020	
		Amount	Ownership (%)
Yung Fu Co., Ltd.	Taiwan	$6,239	1.00%

② Subsidiary-Yung Fu Co., Ltd. summary financial information：

Balance Sheet

	September 30, 2021	December 31, 2020	September 30, 2020
Current assets	$ 598,364	$ 195,160	$ 147,537
Non-current assets	348,717	192,200	188,362
Current liabilities	(264,980)	(140,521)	(193,779)
Non-current liabilities	-	(99,976)	(10,827)
Total net assets	$ 682,101	$ 146,863	$ 131,293

Statement of Comprehensive Income

	January to September of 2021	January to September of 2020
Revenue	$ 365,928	$ 170,558
Net income before tax	$ 35,582	$ 1,320
Income tax (expense) benefit	(1,310)	13,596
Net income	$ 34,272	$ 14,916
Total comprehensive income	$ 34,272	$ 14,916
Total comprehensive income attributed to non-controlling interest	$ 2,668	$ 842

Statements of Cash Flows

	January to September of 2021	January to September of 2020
Net Cash Out-Flow from Operation Activities	($ 185,998)	($ 3,160)
Net Cash In-Flow (Out-Flow) from Investing Activities	(158,360)	4,510
Net Cash In-Flow (Out-Flow) from Financing Activities	467,072	(10,000)
Increase (Reduction) in cash and cash equivalents	122,714	(8,650)
Balance of cash and cash equivalents, beginning of period	92,884	52,085
Balance of cash and cash equivalents, end of period	$ 215,598	$ 43,435

(4) Foreign currency translation

Items included in the financial statements of each entity within the Group are measured using the currency of the primary economic environment in which the entity operates (i.e., the functional currency). The consolidated financial statements are presented in "New Taiwan Dollars", which is the Company's functional currency.

A. Foreign currency transactions are translated into the functional currency using the spot rate at the date of the transaction or measurement date, and translation differences arising from such transactions are recognized in profit or loss for the period.

B. Monetary assets and liabilities denominated in foreign currencies are adjusted at the exchange rates prevailing on the balance sheet date, and the resulting translation differences are recognized in profit or loss for the current period.

C. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value through profit or loss are adjusted at the exchange rates prevailing on the balance sheet date, and the resulting exchange differences are recognized in profit or loss for the current period; those that are measured at fair value through other comprehensive income are adjusted at the exchange rates prevailing on the balance sheet date, and the resulting exchange differences are recognized in other comprehensive income. If the measurement is not at fair value, the measurement is based on the historical exchange rate at the date of initial transaction.

D. All exchange gains and losses are reported in "Other non-operating revenue or loss" in the consolidated statement of income.

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets:

① Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle.

② Assets held mainly for trading purposes.

③ Expected to be realized within 12 months after the balance sheet date.

④ Cash or cash equivalents, unless they are exchanged or restricted from being used to settle liabilities for at least 12 months after the balance sheet date.

Those that do not meet the above criteria of assets are considered non - current.

B. Liabilities that meet one of the following criteria are classified as current liabilities:

① Liabilities that are expected to be paid off within the normal operating cycle.

② Assets held mainly for trading purposes.

③ Liabilities that need to be paid within 12 months after the balance sheet date.

④ If the settlement period cannot be unconditionally extended to at least 12 months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Those that do not meet the above criteria of liabilities are considered non-current.

(6) Financial Assets at Fair Value through Profit or Loss

A. Refer to the financial assets that are not measured at amortized cost, or are measured at fair value through other comprehensive gain or loss.

B. The Group uses transaction day accounting for FVTPL that comply with prevailing trading practices.

C. The Group measures financial assets at fair value in initial recognition. The relate transaction costs are recognized in profit and loss. These financial assets are subsequently re-measured and stated at fair value, and any changes in the fair value of these financial assets are recognized in profit or loss.

(7) Financial Assets at Fair Value through other Comprehensive Income

A. Investments in debt instruments that are not held-for-trading instruments and for which an irrevocable election is made at the time of initial recognition to report changes in fair value in other comprehensive income; or that meet the following criteria:

① The financial assets are held under the operating model for the purpose of receiving contractual cash flows and selling them.

② The assets' contractual cash flows solely represent payments of principal and interest.

B. On a regular way purchase or sale basis, FVTOCI are recognized and derecognized using trade date accounting.

C. The Group measured its fair value plus transaction costs at initial recognition and subsequently measured at fair value:

Changes in the fair value of equity instruments are recognized in other comprehensive income. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is not subsequently reclassified to profit or loss and is reclassified to retained earnings. 1When the right to receive dividends is established, economic benefits related to dividends are likely to flow in, and the amount of dividends can be reliably measured, the company recognizes dividend income in profit and loss.

(8) Financial Assets at Amortized Cost

A. Refer to those that meet the following criteria at the same time:

① The objective of the business model is achieved by collecting contractual cash flows.
② The assets contractual cash flows solely represent payments of principal and interest.

B. The Group uses transaction day accounting for financial assets that are measured at amortized cost in accordance with prevailing trading practices.

C. The Group measures interest income at its fair value plus transaction costs on initial recognition and subsequently recognizes interest income and impairment loss over the liquidity period using the effective interest method in accordance with the amortization procedure, and recognizes its gain or loss in profit or loss when derecognized.

D. The Group holds time deposits that do not meet the cash equivalents. Because of the short holding period, the effect of discounting is not significant and is measured by the amount invested.

(9) Accounts and notes receivable

A. Refers to accounts and notes that have been unconditionally charged for the right to exchange the value of the consideration due to the transfer of goods or services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(10) Impairment Loss of Financial Assets

Regarding debt instruments measured at FVTOCI, financial assets measured at amortized cost, accounts receivable or contract assets and lease receivables that contain significant financing components, the Group, on each balance sheet date, considers all reasonable and supportable information (including forward-looking ones) and measure the loss allowance based on the 12 month expected credit losses for those that do not have their credit risk increased significantly since initial recognition. For those that have increased significantly since initial recognition, the loss allowance is measured based on the full lifetime expected credit losses. A loss allowance for full lifetime expected credit losses is also required for contract assets or trade receivables that do not constitute a financing transaction.

(11) Derecognition of financial assets

A financial asset is derecognized when the Group's rights to receive cash flows from the financial assets have expired.

(12) Inventories

Inventories are measured at the lower of cost or net realizable value, and the cost is determined by weighted-average method. The cost of finished goods and work-in-progress comprises raw materials, direct labor, other direct costs and related production overheads (amortized according to normal production capacity), but excludes borrowing costs. At the end of year, inventories are evaluated at the lower of cost or net realizable value. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable costs of completion and selling expenses. If the cost is higher than the net realizable value, a loss on decline in value is recorded and included in current operating costs. If the net realizable value increases, the valuation allowance is reversed to the extent of the credit balance and included in current operating costs as a deduction.

(13) Property, Plant and Equipment

A. Property, plant and equipment are recorded at acquisition cost, except for those items that have been revalued in accordance with the law, and the related interest is capitalized during the period of purchase and construction.

B. Subsequent costs are included in the assets book value or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the costs of the item can be measured reliably. The book value of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors" from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Name of asset	Number of useful years
Buildings	3 - 40 years
Equipment	3 - 23 years
Transport Equipment	3 - 10 years
Office equipment	3 - 11 years
Leasehold improvements	2 - 26 years
Other Equipment	3 - 26 years

(14) Investment Property

Investment properties are initially measured at cost, and may be subsequently measured using a cost model.

(15) Lessor's lease transaction - Operating lease

Lease income from operating leases, less any incentives given to the lessee, is amortized in current profit or loss on a straight-line basis over the lease term.

(16) Leasing agreements (lessee) - Right-of-use assets/lease liabilities

A. Leases are recognized as right-of-use assets and lease liabilities at the date at which the leased assets are available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognized as expenses on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments include fixed payments, less any lease incentives receivables. The Company subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of re-measurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is recognized at cost which includes:

① The amount of initial measurement of lease liability, and
② Any lease payments made at or before the commencement date.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's service life or the end of lease term. When the lease liability is remeasured, the amount of re-measurement is recognized as an adjustment to the right-of-use asset.

D. For lease modifications that reduce the scope of the lease, the lessee reduces the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease and recognizes the difference between this amount and the remeasurement amount of the lease liability in profit or loss.

(17) Intangible Assets

A. Computer software
Computer software is recognized at acquisition cost and amortized by the straight-line method over an estimated useful life of 5 years.

B. Goodwill
Goodwill is measured in a business combination using the acquisition method.

(18) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less disposal cost or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

(19) Borrowings

Refers to long-term and short-term funds borrowed from banks. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

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

A. Financial liabilities that are held for trading with the primary purpose of repurchasing in the near future and derivatives other than those designated as hedging instruments under hedge accounting. Financial liabilities designated as financial liabilities at fair value through profit or loss on initial recognition. The Company recognizes a financial liability as measured at fair value through profit or loss on initial recognition when one of the following conditions is met:

① Mixed (combined) contract.
② May eliminate or significantly reduce measurement or recognition inconsistencies.
③ The instruments are managed and their performance is evaluated on a fair value basis in accordance with the written risk management policy.

B. The Group measures financial liabilities at fair value in initial recognition. The related transaction costs are recognized in profit and loss. These financial liabilities are subsequently re-measured and stated at fair value, and any changes in the fair value of these financial liabilities are recognized in profit or loss.

(21) Notes and accounts payable

A. Refers to debts incurred as a result of the purchase of raw materials, goods or services and the notes payable due to business and non-business purposes.

B. Short-term accounts payable and notes that are not interest-bearing are measured at the original invoice amount because the effect of discounting is not significant.

(22) Convertible bonds payable

The convertible bonds payable issued by the Group are embedded with conversion rights (i.e., the holder's right to choose to convert into the Group's common shares for a fixed amount of shares), sell-back rights and buy-back rights. The issuance price is differentiated into financial assets, financial liabilities or equity ("Capital Reserve-Stock Options") at the time of initial issuance, depending on the issuance conditions, and is treated as follows:

A. Embedded rights to sell and repurchase: "Financial Assets or Liabilities at Fair Value through Profit or Loss" are recorded at their net fair value on initial recognition; subsequently, "Gain or Loss on Financial Assets (Liabilities) at Fair Value through Profit or Loss" is recognized at the balance sheet date, with the difference valued at current fair value.

B. Master indenture of corporate bonds: The difference between the fair value of the bonds and the redemption value is recognized as a premium or discount on the bonds payable at the time of initial recognition; subsequently, the effective interest method is used to recognize the difference in profit or loss over the liquidity period as an adjustment to "Finance Costs" under the amortization procedure.

C. Embedded conversion rights (which meet the definition of equity): On initial recognition, the remaining value of the issue amount after deducting the above "Financial Assets or Liabilities at Fair Value through Profit or Loss" and "Bonds Payable" is recorded as "Capital Reserve-Stock Options" and will not be remeasured subsequently.

D. Any transaction costs directly attributable to the issuance are allocated to each component of liabilities and equity in proportion to the original carrying amount of each component mentioned above.

E. Upon conversion, the components of liabilities (including "Bonds Payable" and "Financial Assets or Liabilities at Fair Value through Profit or Loss") are subsequently measured according to their respective classifications, and the book value of the aforementioned components of liabilities plus the book value of "Capital Reserve-Stock Options" is used as the cost of issuing common stock in exchange.

(23) Exclusion of financial liabilities

The Group derecognizes financial liabilities upon the performance, cancellation or maturity of obligations contained in the contracts.

(24) Offset of financial assets and liabilities

Financial assets and financial liabilities are offset and presented in the balance sheet on a net basis when there is a legally enforceable right to offset the amount of the recognized financial assets and liabilities and there is an intention to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

(25) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expenses in that period when the employees render service.

B. Pension

① Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

② Defined benefit plans

a. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits those employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by the actuary using the projected unit benefit method, and the discount rate is determined by reference to the market yield rate at the balance sheet date on government bonds with a currency and period consistent with the defined benefit plan at the balance sheet date.

b. Re-measurements arising on defined-benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

c. The pension cost for the interim period is calculated using the actuarially determined pension cost rate from the beginning of the year to the end of the current period as of the end of the previous financial year. If there are significant market changes and material curtailments, liquidations or other significant one-time events after such closing, they will be adjusted and the relevant information will be disclosed in accordance with the aforementioned policy.

C. Remuneration for employees and directors and supervisors

Employees bonuses and directors and supervisors remuneration are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. In addition, if employees are paid in stock, the basis for calculating the number of shares is the closing price on the day before the board of directors' resolution.

(26) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

B. The Group calculates current income tax at the tax rates that have been legislated or substantively legislated as of the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. Income tax on undistributed earnings is recognized in the year following the year in which the earnings are generated, based on the actual distribution of earnings.

C. Deferred income tax is recognized, using the balance sheet method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction (other than a business combination) that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is calculated using the tax rates and tax laws that are expected to apply at the balance sheet date when the deferred income tax asset is realized or the deferred income tax liability is settled, if legislation has been enacted or substantively enacted.

D. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities. They are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

F. Income tax expense for the interim period is calculated by applying the estimated average annual effective tax rate to the income before income tax for the interim period and disclosing the related information in accordance with the accounting policies.

(27) Share capital

A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

B. When the Company buys back the issued shares, the consideration paid, including any directly attributable incremental costs, is recognized as a deduction of shareholders equity with the net amount after tax. When the purchased shares are subsequently reissued, the difference between the consideration received and the book value after deducting any directly attributable incremental costs and the impact of income tax is recognized as an adjustment to shareholders equity.

(28) Share-based payment to employees

The share-based payment agreement for delivery of equity is a transaction in which employees' labor service received as consideration for the Company's equity instrument at fair value, and it is recognized as compensation costs during the vesting period, and the equity is adjusted accordingly. The fair value of equity instrument shall reflect the effects of vesting and non-vesting conditions of market value. The recognized remuneration costs are adjusted in accordance with the expected service conditions to be met and the non-vesting market value conditions, until the final recognized amount is recognized with the vesting amount on the vesting date.

(29) Dividend distribution

Earnings distribution prior to 2020, dividends distributed to shareholders of the company are recognized in the financial report when the company’s general meeting of shareholders decides to distribute dividends. Cash dividends are recognized as liabilities, and stock dividends are recognized as stock dividends to be distributed. And on the base date of the issuance of new shares, the common share capital will be transferred.

For the distribution of earnings after 2021, the dividends distributed to the shareholders of the company are recognized in the financial report when the company's board of directors decides to distribute the dividends, and the cash dividends are recognized as liabilities; the stock dividends distributed to the shareholders of the company are resolved in the shareholders meeting At that time, it is recognized as stock dividends to be distributed, and transferred to ordinary shares on the base date of issuance of new shares.

(30) Income recognition

A. Product sales

① The Group manufactures and sells products such as fastener screws. Sales revenue is recognized when control of the product is transferred to the customer, that is, when the product is delivered to the customer, the customer has discretion over the product and the Group has no outstanding performance obligations that may affect the wholesaler's acceptance of the product. The delivery of products occurs when products are shipped to a designated location and the risk of obsolescence and loss has been transferred to customers, and the customers accept the products in accordance with the sales contract or have objective evidence that all criteria have been met.

② Accounts receivable are recognized when the merchandise is delivered to the customer because the Group has unconditional rights to the contract price from that point onward and only requires the passage of time to receive the consideration from the customer.

B. Labor income

① The Group provides processing-related services. Labor income is recognized as revenue in the period in which the services are rendered to the customer for financial reporting purposes. Revenue from fixed-price contracts is recognized on the basis of the percentage of completion of services and the actual performance costs incurred to the estimated total labor costs as of the balance sheet date.

② The Group provides logistics and distribution related services. Revenue from distribution labor is recognized when the merchandise is delivered to the customer's designated location and when control of the product is transferred to the customer, that is, when the consigned goods is delivered to the customer, the customer has discretion over the goods, and the Group has no outstanding performance obligations that could affect the customer's acceptance of the product. The delivery of products occurs when products are shipped to a designated location and the risk of obsolescence and loss has been transferred to customers, and the customers accept the products in accordance with the sales contract or have objective evidence that all criteria have been met.

③ The Group provides ocean freight forwarding services and import and export customs clearance services, etc. Revenue from labor services is recognized in the period in which the services are provided to customers.

④ The Group's estimates of revenues, costs, and degree of completion are subject to revision as circumstances change. Any increase or decrease in estimated revenues or costs attributable to changes in estimates is reflected in profit or loss in the period in which the circumstances giving rise to the revision become known to management.

⑤ The Group provides incinerator operation management services and profits from the sale of steam or electricity generation through the collection and treatment of waste as a fuel source. Revenue is measured as the consideration to which the Company is expected to be entitled for the transfer of services. The Group recognizes revenue when the performance obligation is satisfied by the transfer of control over the labor to the customer.

C. Project revenue

The Group undertakes the construction of incinerators and solar parallel systems, and recognizes the construction contract as a performance obligation that is gradually met over time. The revenue is recognized by the completion ratio method during the contract period according to the contract completion degree, and the completion degree is based on the actual that the ratio of the incurred cost to the estimated total cost is based on the decision. If at the beginning of the contract, the Group cannot reasonably measure the results of the performance obligations, but expects to recover the incurred costs of meeting the performance obligations, the Group will only recognize revenue within the scope of the incurred costs before the results of the performance obligations can be reasonably measured. The customer pays the contract price according to the agreed payment schedule. When the construction cost invested by the Group exceeds the customer's payable, it is recognized as a contract asset, and if the customer payable exceeds the construction cost invested by the Group, it is recognized as a contract liability.

(31) Government subsidy

Government subsidies are recognized at fair value when it is reasonably certain that the enterprise will comply with the conditions attached to the government subsidy and will receive the subsidy. If the nature of the government subsidy is to compensate the expenses incurred by the group, the government subsidy shall be recognized as the current profit and loss on a systematic basis during the period of the relevant expenses.

(32) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker is responsible for allocating resources to the operations department and evaluating its performance.

5. Critical Accounting Judgements and Key Sources of Estimation and Uncertainty

In preparing these financial statements, the Group's management has exercised its judgment in determining the accounting policies to be used and has made accounting estimates and assumptions that are based on reasonable expectations of future events under the circumstances prevailing on the balance sheet date. 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. Please see the following explanation of critical accounting judgments and key sources of estimation and uncertainty:

(1) Important judgments adopted by the accounting policies

None such cases.

(2) Critical accounting estimates and assumptions

A. Evaluation of Inventories

As the inventory is measured based on the lower of cost and net realizable value, the Company must use judgment and estimation to determine the net realizable value of the inventory on the balance sheet date. The Group assesses the amount of inventories that are normally worn out, obsolete or have no marketable value at the balance sheet date and writes down the cost of inventories to their net realizable value. The inventory valuation is mainly based on the estimated demand in a specific period in the future, so significant changes may occur.

As of September 30, 2021, the carrying amount of the Group's inventories was $356,892.

B. Recognition of deferred income tax assets

Deferred income tax assets are recognized to the extent that it is probable that sufficient future taxable income will be available to allow deductions for temporary differences and loss carryforwards. The Group assesses the realizability of deferred income tax assets based on assumptions about expected future labor income growth, profitability, tax holiday, availability of income tax credits and tax planning. Changes in the economy, industrial environment and laws and regulations may result in significant adjustments to deferred income tax assets.

As of September 30, 2021, the carrying amount of the Group's deferred income tax assets was $76,212.

6.Summary of Significant Accounting Items

(1) Cash and Cash Equivalents

	September 30, 2021	December 31, 2020	September 30, 2020
Cash:			
Cash on hand	$ 434	$ 266	$ 329
Checking accounts and demand deposits	516,290	260,761	127,681
	$ 516,724	$ 261,027	$ 128,010

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. As of September 30, 2021, December 31, 2020 and September 30, 2020, the Group transferred $251,404, $301,864 and $208,776 of demand deposits, time deposits and bonds with repurchase pledged as collateral to "Financial Assets at Amortized Cost - Current" and "Financial Assets at Amortized Cost - Non-current", respectively.

C. The Group pledged cash and cash equivalents as collateral (listed as "Financial Assets at Amortized Cost-Current" and "Financial Assets at Amortized Cost - Non-current"), please refer to Note 8 statements on pledged assets.

(2) Financial Assets and Liabilities at Fair Value through Profit or Loss - Current

	September 30, 2021	December 31, 2020	September 30, 2020
Financial assets mandatorily at FVTPL			
Shares of listed and OTC company	$ 7,777	$ -	$ -
Beneficiary certificates	16,319	-	-
Non-hedging derivative financial instruments	-	-	516
	24,096	-	516
Valuation adjustment	4,001	-	-
	$ 28,097	$ -	$ 516
Mandatory financial liabilities at fair value through profit or loss			
Non-hedging derivative financial instruments	$ -	$ 568	$ -

A. The Group recognized net income (listed as "Other Gains and Losses") of ($3,565), ($1,522) and $25,190, $1,491 for July to September of 2021 and 2020, and January to September of 2021 and 2020, respectively.

B. Information on the transactions and contracts of non-hedging derivative financial assets is described as follows:

Derivative financial assets and liabilities	December 31, 2020 Contract amount (nominal principal)	Contract Period	September 30, 2020 Contract amount (nominal principal)	Contract Period
Forward Foreign Exchange Contracts	EUR 1,200 thousand	2020.9～2021.4	EUR 1,100 thousand	2020.6～2021.2

There were no such events on September 30, 2021.

The Group engages in forward exchange transactions primarily to hedge the exchange rate risk arising from changes in foreign exchange rates in its operations, but no hedge accounting is applied.

C. The Group has not pledged any financial assets at fair value through profit or loss.

D. For related credit risk information, please refer to Note 12,(2) Financial Instruments.

(3) Financial Assets at Fair Value through other Comprehensive Income or Loss - Current

	September 30, 2021	December 31, 2020	September 30, 2020
Equity instrument			
Domestic listed stocks	$ 123,252	$ 79,609	$ 79,609
Financial asset valuation adjustment	(22,809)	(15,086)	(24,328)
	$ 100,443	$ 64,523	$ 55,281

A. The Group has chosen to invest in equity instruments that are strategic investments. Investments are classified as financial assets measured at fair value through other comprehensive income or loss. The Group's maximum exposure to credit risk is its book value without taking into account collateral held or other credit enhancements.

B. The breakdown of FVTOCI recognized in profit or loss and comprehensive income or loss is as follows:

	July to September of 2021	July to September of 2020
Equity instruments at fair value through other comprehensive income		
Dividend income recognized in profit or loss	$ 2,438	$ 3,423
Changes in fair value recognized in other comprehensive income	($ 1,949)	($ 856)
Accumulated benefits are transferred to retained surplus due to delisting	($ 1,154)	$ -

	January to September of 2021	January to September of 2020
Equity instruments at fair value through other comprehensive income		
Dividend income recognized in profit or loss	$ 2,438	$ 3,423
Changes in fair value recognized in other comprehensive income	($ 6,569)	($ 10,867)
Accumulated benefits are transferred to retained surplus due to delisting	($ 1,154)	($ 8,753)

C. The Group sold its equity investment in listed cabinets at a fair value of $27,932 and $38,692 due to capital expenditures from January to September of 2021 and 2020. The accumulated disposition benefit amounted to $1,154 and $8,753, which was transferred to retained earnings.

D. As of September 30 2021, December 31 2020 and September 30 2020, the Group pledged financial assets measured at fair value through other comprehensive income, as described in Note 8, Pledged Assets.

E. For information on the credit risk of financial assets measured at fair value through other comprehensive income or loss, please refer to Note 12, (2)Financial Instruments.

(4) Notes and Accounts Receivable - Net

	September 30, 2021	December 31, 2020	September 30, 2020
Notes Receivable	$ 763	$ 154	$ 56
Other Installment Notes Receivable	$ 55,200	$ 55,200	$ 55,200
Accounts Receivable	$ 438,715	$ 273,675	$ 246,408
Less: Loss Allowance	(23)	(23)	(27)
	$ 438,692	$ 273,652	$ 246,381

A. The aging analysis of Notes and Accounts Receivable (including related parties) is as follows:

	September 30, 2021		December 31, 2020	
	Notes Receivable	Accounts Receivable	Notes Receivable	Accounts Receivable
Not Past Due	$ 55,963	$ 512,277	$ 55,354	$ 300,280
Within 60 days past due	-	35,744	-	11,180
61-180 days past due	-	4,079	-	169
	$ 55,963	$ 552,100	$ 55,354	$ 311,629

	September 30, 2020	
	Notes Receivable	Accounts Receivable
Not Past Due	$ 55,256	$ 268,965
Within 60 days past due	-	7,678
61-180 days past due	-	2,428
	$ 55,256	$ 279,071

The above is an aging analysis based on the number of overdue days.

B. As of September 30, 2021, December 31, 2020 and September 30, 2020, the balances of Notes Receivable and Accounts Receivable were generated from customer contracts, and the balance of accounts receivable from customer contracts was $116,779 as of January 1, 2020.

C. As of September 30, 2021, December 31, 2020 and September 30, 2020, the Group did not hold any collaterals as guarantees for Notes and Accounts Receivable.

D. Please refer to Note 12, (2) for the credit risk information of the related Notes and Accounts Receivable.

E. As of September 30, 2021, December 31, 2020 and September 30, 2020, the Group had not pledged any Notes and Accounts Receivable as collateral.

(5) Inventories

	September 30, 2021		
	Cost	Allowance to reduce Inventory to market	Carrying Value
Raw Materials	$ 73,090	($ 11,803)	$ 61,287
Supplies and spare parts	1,950	-	1,950
Work in Process	217,731	(18,504)	199,227
Finished Goods	97,814	(3,386)	94,428
	$ 390,585	($ 33,693)	$ 356,892

	December 31, 2020		
	Cost	Allowance to reduce inventory to market	Carrying Value
Raw Materials	$ 68,154	($ 9,255)	$ 58,899
Supplies and spare parts	1,933	-	1,933
Work in Process	143,824	(15,403)	128,421
Finished Goods	62,343	(2,390)	59,953
	$ 276,254	($ 27,048)	$ 249,206

	September 30, 2020		
	Cost	Allowance to reduce Inventory to market s	Carrying Value
Raw Materials	$ 73,968	($ 6,335)	$ 67,633
Supplies and spare parts	2,094	-	2,094
Work in Process	150,229	(15,707)	134,522
Finished Goods	52,280	(2,103)	50,177
	$ 278,571	($ 24,145)	$ 254,426

The cost of inventories recognized as losses by the Corporate Group.

	July to September of 2021	July to September of 2020
Cost Of Goods Sold	$ 406,211	$ 424,978
Inventory Valuation and Obsolescence Losses	2,899	11,028
Gain or Loss on Physical Inventory	(218)	(6,953)
Revenue from Sale of Scraps	(4,352)	(2,286)
Total Cost Of Goods Sold	$ 404,540	$ 426,767

	January to September of 2021	January to September of 2020
Cost Of Goods Sold	$ 1,573,995	$ 894,216
Inventory Valuation and Obsolescence Losses	6,645	11,028
loss on Physical Inventory	(216)	(6,746)
Revenue from Sale of Scraps	(15,472)	(7,239)
Total Cost Of Goods Sold	$ 1,564,952	$ 891,259

(6) Prepaid Expenses

	September 30, 2021	December 31, 2020	September 30, 2020
Supplies inventory	$ 63,746	$ 63,841	$ 63,604
Advance payment	56,165	14,673	32
Prepaid expenses	31,910	2,628	3,728
Tax credit	13,844	937	6,956
Others	15,562	3,109	10,168
	$ 181,227	$ 85,188	$ 84,488

(7) Financial Assets or Financial Liability at Fair Value through Profit or Loss - Non-current

Items	September 30, 2021	December 31, 2020	September 30, 2020
Financial asset at fair value through profit or loss			
Right of Repurchase of Corporate Bonds	$ -	$ 32	$ -

The Group recognized net gains(losses) of $- and $271 and ($32) and $622 for July to September of 2021 and 2020 and January to September of 2021 and 2020, respectively (listed as "Other Gains and Losses" in the table).

(8) Property, Plant and Equipment

	Land	Buildings	Equipment	Transportation equipment	Office equipment	Leasehold improvements	Other Equipment	Unfinished construction and equipment under acceptance	Total
January 1, 2021									
Cost	$ 166,931	$ 147,841	$ 524,967	$ 16,437	$ 15,549	$ 127,093	$ 172,449	$ -	$ 1,171,267
Accumulated Depreciation	-	(64,512)	(304,640)	(7,921)	(13,170)	(84,917)	(108,978)	-	(584,138)
Cumulative Impairment	-	-	(1,395)	-	(1,022)	(4,651)	(442)	-	(7,510)
	$ 166,931	$ 83,329	$ 218,932	$ 8,516	$ 1,357	$ 37,525	$ 63,029	$ -	$ 579,619
January to September of 2021									
January 1	$ 166,931	$ 83,329	$ 218,932	$ 8,516	$ 1,357	$ 37,525	$ 63,029	$ -	$ 579,619
Add - Cost	-	-	35,435	2,009	2,290	4,115	6,437	1,761	52,047
Transfer In of Prepaid Equipment Cost	-	-	35,211	-	-	-	-	28,746	63,957
Depreciation Expense	-	(2,929)	(17,196)	(1,328)	(309)	(4,703)	(13,781)	-	(40,246)
Disposal-Cost	-	-	(17,668)	(2,013)	-	-	-	-	(19,681)
Disposal-Accumulated	-	-	4,478	1,973	-	-	-	-	6,451

Depreciation									
September 30	$ 166,931	$ 80,400	$ 259,192	$ 9,157	$ 3,338	$ 36,937	$ 55,685	$ 30,507	$ 642,147
Septembr 30, 2021									
Cost	$ 166,931	$ 147,841	$ 577,945	$ 16,433	$ 17,839	$ 131,208	$ 178,886	$ 30,507	$ 1,267,590
Accumulated Depreciation	-	(67,441)	(317,358)	(7,276)	(13,479)	(89,620)	(122,759)	-	(617,933)
Cumulative Impairment	-	-	(1,395)	-	(1,022)	(4,651)	(442)	-	(7,510)
	$ 166,931	$ 80,400	$ 259,192	$ 9,157	$ 3,338	$ 36,937	$ 55,689	$ 30,507	$ 642,147

	Land	Buildings	Equipment	Transportation equipment	Office equipment	Leasehold improvements	Other Equipment	Total
January 1, 2020								
Cost	$ 92,904	$ 77,269	$ 526,067	$ 10,407	$ 14,999	$ 125,742	$ 171,316	$ 1,018,704
Accumulated Depreciation	-	(61,257)	(283,536)	(6,944)	(12,879)	(78,886)	(86,051)	(529,553)
Cumulative Impairment	-	-	(1,395)	-	(1,022)	(4,651)	(442)	(7,510)
	$ 92,904	$ 16,012	$ 241,136	$ 3,463	$ 1,098	$ 42,205	$ 84,823	$ 481,641
January to September of 2020								
January 1	$ 92,904	$ 16,012	$ 241,136	$ 3,463	$ 1,098	$ 42,205	$ 84,823	$ 481,641
Add - Cost	-	-	812	4,210	552	588	1,766	7,928
Transfer In of Prepaid Equipment Cost		-	3,244	-	-	-	-	3,244
Depreciation Expense	-	(2,275)	(16,557)	(789)	(212)	(4,492)	(19,175)	(43,500)
Acquired by	74,027	70,572	-	2,077	-	-	8	146,684

Business Combination								
Disposal - Cost	-	-	(3,324)	(257)	-	-	(584)	(4,165)
Disposal-Accumulated Depreciation		-	378	198	-	-	216	792
September 30	$ 166,931	$ 84,309	$ 225,689	$ 8,902	$ 1,438	$ 38,301	$ 67,054	$ 592,624
September 30, 2020								
Cost	$ 166,931	$ 147,841	$ 526,799	$ 16,437	$ 15,551	$ 126,330	$ 172,506	$ 1,172,395
Accumulated Depreciation	-	(63,532)	(299,715)	(7,535)	(13,091)	(83,378)	(105,010)	(572,261)
Cumulative Impairment	-	-	(1,395)	-	(1,022)	(4,651)	(442)	(7,510)
	$ 166,931	$ 84,309	$ 225,689	$ 8,902	$ 1,438	$ 38,301	$ 67,054	$ 592,624

A. As of September 30, 2021, December 31, 2020 and September 30, 2020, the Group's property, plant and equipment were assets for own use.

B. The Group did not capitalize any borrowing costs from January to September 2021 and 2020.

C. On September 26, 2019, the Board of Directors approved the sale of certain machinery and equipment, office equipment, leasehold improvements, other equipment and other non-current assets of the Tainan plant with low capacity utilization - other. In December 2019, the Company entered into a sales and purchase agreement with E-Shen Steel Co. The disposal price was $163,238 and the gain on disposal was $18,439 in December 2019. As of September 30, 2021, December 31, 2020 and September 30, 2020, the outstanding balance was shown as "Other Notes Receivable" of $55,200, $55,200 and $55,200, respectively, and "Long-Term Notes and Accounts Receivable" of $9,200, $50,600, and $64,400, respectively.

D. Information on the pledge of property, plant and equipment by the Group is described in Note 8.

E. Please refer to Note 6, (12) for the accumulated impairment loss on non-financial assets.

(9) Leasing arrangements - lessee

A. The subject assets of the Group's leases are buildings and business vehicles, and the lease contracts are usually for periods ranging from 2 to 10 years. Lease agreements are individually negotiated and contain various terms and conditions without any special restrictions.

B. The lease period of the Group's leased vehicles does not exceed 12 months, and the leased assets with low value are air cleaners, etc.

C. The book value of right-of-use assets and the depreciation charge are as follows:

	September 30, 2021	December 31, 2020	September 30, 2020
	Carrying amount	Carrying amount	Carrying amount
Buildings	$ 95,773	$ 5,783	$ 7,194
Transport Equipment	2,045	2,652	3,000
	$ 97,818	$ 8,435	$ 10,194

	July to September of 2021	July to September of 2020
	Depreciation expense	Depreciation expense
Buildings	$ 2,721	$ 2,244
Transport Equipment	357	385
	$ 3,078	$ 2,629

	January to September of 2021	January to September of 2020
	Depreciation expense	Depreciation expense
Buildings	$ 7,472	$ 6,547
Transport Equipment	1,076	690
	$ 8,545	$ 7,237

D. The additions to the Group's right-of-use assets were $2,227 and $- and $97,931 and $2,063 for July to September of 2021 and 2020 and January to September of 2021 and 2020, respectively.

E. The information on profit or loss items related to lease contracts is as follows:

	July to September of 2021	July to September of 2020
Items affecting current profit and loss		
Interest expenses on lease liabilities	$ 300	$ 51
Expenses for short-term lease contracts	973	687
Lease of low-value assets	73	80

	January to September of 2021	January to September of 2020
Items affecting current profit and loss		
Interest expenses on lease liabilities	$ 354	$ 160
Expenses for short-term lease contracts	2,657	2,406
Lease of low-value assets	88	241

F. The Group's total rental cash outflows for July to September and January to September of 2021 and 2020 were $3,974 and $3,666 and $11,398 and $10,185, respectively.

G. When the Group decides on the lease term, it takes into account all the facts and circumstances that would have economic incentives for the exercise or non-exercise of the right to renew the lease. When a major event occurs in the assessment of the exercise or non-exercise of the right to renew the lease, the lease period will be re-estimated. Based on the assessment of the exercise or non-exercise of the right to renew the lease, the Group’s right-of-use assets and lease liabilities as of September 30, 2010 were reduced by $359 and $365, respectively, and the lease modification benefit was recognized by $6 (listed in the table "Other benefits and losses"). From January to September of 2021, there was no such incident.

(10) Investment property- net

	Land
January 1 and September 30 of 2021	
Cost	$ 31,002

	Land
January 1 , 2020	
Cost	$ -
January to September, 2020	
January 1	$ -
Acquired by business combination	31,002
September 30	$ 31,002

September 30,2020

Cost	$ 31,002

A. The fair value of investment properties held by the Group's was $62,525 and $62,525 and $31,002 as of September 30, 2021, December 31 2020 and September 30, 2020, which was evaluated based on the recorded amount of real estate transactions in the neighboring areas and was determined to be Level 2 fair value.

B. As of September 30, 2021, December 31 2020 and September 30, 2020, the Group's had no pledge of its investment properties.

(11) Intangible Assets

	Computer software	Goodwill	Total
January 1, 2021			
Cost	$ 468	$ 19,003	$ 19,471
Accumulated amortization and impairment	(49)	-	(49)
	$ 419	$ 19,003	$ 19,422
January to September of 2021			
January 1	$ 419	$ 19,003	$ 19,422
Add-Derived separately	737	-	737
Amortization expense	(121)	-	(121)
September 30	$ 1,035	$ 19,003	$ 20,038
September 30, 2021			
Cost	$ 1,205	$ 19,003	$ 19,497
Accumulated amortization	(170)	-	(170)
	$ 1,035	$ 19,003	$ 19,397

	Computer software	Goodwill	Total
January 1, 2020			
Cost	$ -	$ -	$ -
January to September of 2020			
January 1	$ -	$ -	$ -
Add-Derived separately	468	-	468
Add-Business combination	-	19,003	19,003
Amortization expense	(26)	-	(26)
September 30	$ 442	$ 19,003	$ 19,445

September 30, 2020			
Cost	$ 468	$ 19,003	$ 19,471
Accumulated amortization	(26)	-	(26)
	$ 442	$ 19,003	$ 19,445

For the intangible assets acquired by the Group's as a result of a business combination on June 30, 2020 is described in Note 6, (32) business combination.

(12) Impairment of non-financial assets

The Group's did not recognize or reverse any impairment loss from January to September, 2021 and 2020. As of September 30, 2021, December 31, 2020 and September 30, 2020, the accumulated impairment loss recognized on the Group's non-financial assets was $7,510.

(13) Short-term loans

Type of borrowings	September 30, 2021	Interest Rate	Collateral
Guaranteed bank loans	$ 367,457	0.92%～1.65%	Demand deposits, time deposits, land, buildings and construction
Unsecured bank loans	212,052	1.22%～1.97%	None
	$ 579,509		

Type of borrowings	December 31, 2020	Range of interest rate	Collateral
Guaranteed bank loan	$ 317,343	0.91%～2.09%	Demand deposits, time deposits, marketable securities, land, buildings and construction
Unsecured bank loans	229,946	1.4%～2.07%	None
	$ 547,289		

Type of borrowings	September 30, 2020	Interest Rate	Collateral
Guaranteed bank loans	$ 374,200	0.92%～2.09%	Demand deposits, time deposits, marketable securities, land, buildings and construction
Unsecured bank loans	295,005	1.50%～2.07%	None
	$ 669,205		

The interest expense recognized in profit or loss from July to September 2021 and 2020, January to September 2021 and 2020 is described in Note 6, (27) Financial costs.

(14) Short-term notes and bills payable

Nature of borrowing	September 30, 2021	Range of interest rate	Collateral
Commercial paper	$ 60,000	0.712%～0.75%	Repurchase of bonds and time deposits

Nature of borrowing	December 31, 2020	Range of interest rate	Collateral
Commercial paper	$ 60,000	0.732%～0.75%	Repurchase of bonds and time deposits

Nature of borrowing	September 30, 2020	Range of interest rate	Collateral
Commercial paper	$ 50,000	0.712%～1.124%	Repurchase of bonds and time deposits

A. The above commercial paper payable is issued by Mega Bills Co., Ltd. under guarantee for short-term liquidity purposes.

B. Interest expense recognized in profit or loss from July to September 2021 and 2020, January to September 2021 and 2020 is described in Note 6, (27) Financial costs.

(15) Other payables

	September 30, 2021	December 31, 2020	September 30, 2020
Salary payable	$ 36,081	$ 34,190	$ 26,146
Processing fees payable	14,590	12,244	12,540
Spare parts expenses payable	10,587	-	-
Equipment payment payable	9,150	154	154
Packaging costs payable	7,586	3,352	6,730
Utilities payable	5,478	3,633	2,628
Others	47,435	38,536	37,444
	$ 130,907	$ 92,109	$ 85,642

(16) Bonds payable

	September 30,2021	December 31, 2020	September 30, 2020
Guaranteed convertible bonds	$ 16,200	$ 71,400	$ 100,000
Unsecured convertible bonds	-	16,600	170,500
	16,200	88,000	270,500
Less: Discount on bonds payable	(5,147)	(6,156)	(11,336)
portion due within one year (listed as “Long-term liabilities due within one year or one business cycle”)	(11,053)	-	-
	$ -	$ 81,844	$ 259,164

A. In June 2019, the Company issued the second domestic secured convertible bonds and the third unsecured convertible bonds, the main terms of which are as follows:

① The conditions for the issuance of the second domestic secured convertible bonds are as follows.

a. The Company was approved by the competent authority to raise and issue the second domestic guaranteed convertible bonds with a total amount of $100,000 (related issuance cost of $1,667), with a coupon rate of 0% and a maturity period of 3 years from June 17, 2019 to June 17, 2022. The convertible bonds are repayable in cash at 101.51% of the face value of the bonds upon maturity.

b. From the day following the expiration of three months after the date of issuance of the Bonds (September 18, 2019) to the maturity date (June 17, 2022), the holders of the Bonds may request the conversion of the Bonds into common stocks of the Company at any time, except during the period when the transfer of the Bonds is suspended in accordance with the regulations or the law, and the rights and obligations of the converted common stocks shall be the same as those of the original issued common stocks.

c. The conversion price of the convertible bonds is determined in accordance with the pricing model stipulated in relevant laws. If the conversion price is subsequently adjusted in accordance with the pricing model stipulated in the relevant laws due to the Company's anti-dilution policy, the conversion price will be reset in accordance with the pricing model stipulated in the relevant laws on the base date of the relevant laws, and will not be adjusted if it is higher than the conversion price before the reset in the current year.

d. In accordance with the provisions of the relevant laws and regulations, all bonds repossessed (including those bought back through the TPEx), repaid or converted by the Company will be cancelled, and all rights and obligations attached to the bonds will be extinguished and will not be issued.

e. Entie Commercial Bank, Ltd. (hereinafter referred to as the "Guarantor Bank") was appointed as the guarantor bank for the converted bonds. The guarantee period is from the date of full collection of the bonds to the date of full payment of the principal and interest payable under the Plan, and the guarantee covers the outstanding principal and interest compensation payable under the Plan, which are subordinate to the principal debt.

② The conditions for the issuance of the Company's third domestic unsecured convertible bonds are as follows:

a. The Company was approved by the competent authority to raise and issue the third domestic unsecured convertible bonds with a total amount of $200,000 (related issuance cost of $3,333), with a coupon rate of 0% and a maturity period of 3 years from June 18, 2019 to June 18, 2022. The convertible bonds are repayable in cash at 102.27% of the face value of the bonds upon maturity.

b. From the day following the expiration of three months after the date of issuance of the Bonds (September 19, 2019) to the maturity date (June 18, 2022), the holders of the Bonds may request the conversion of the Bonds into common stocks of the Company at any time, except during the period when the transfer of the Bonds is suspended in accordance with the regulations or the law, and the rights and obligations of the converted common shares shall be the same as those of the original issued common stocks.

c. The conversion price of the convertible bonds is determined in accordance with the pricing model stipulated in relevant laws. If the conversion price is subsequently adjusted in accordance with the pricing model stipulated in the relevant laws due to the Company's anti-dilution policy, the conversion price will be reset in accordance with the pricing model stipulated in the relevant laws on the base date of the relevant laws, and will not be adjusted if it is higher than the conversion price before the reset in the current year.

d. If the closing price of the Company's common stock exceeds the prevailing conversion price by more than 30% for 30 consecutive business days from the day after the conversion bond is issued for three months (September 19, 2019) to 40 days prior to the expiration of the issuance period (May 9, 2022), the Company may redeem all of the bonds at their face value in cash within 30 business days thereafter. If the outstanding balance of the convertible bonds is less than 10% of the original issue amount from the day following the third month of issuance (September 19, 2019) to 40 days prior to the expiration of the issuance period (May 9, 2022), the Company may, at any time thereafter, redeem all of the bonds in cash at their face value. From January to June, 2020, the Company purchased $600 of the convertible bonds from TPEx. When the Company repurchased the convertible bonds from the TPEx, the purchase price (including transaction costs) of $513 was allocated to the liability and equity components in accordance with IAS 32, "Financial Instruments: Presentation". The difference between the amount apportioned to the liability component and its carrying amount was recognized in profit or loss ($26) (listed in "Other Gains and Losses"), and the difference between the amount apportioned to the equity component and its carrying amount was recognized in "Additional paid-in capital-Treasury Stock Transactions" at NT$60 and reversed in "Additional paid-in capital-Stock Options" at $20. There were no such events from January to September of 2021.

e. In accordance with the provisions of the relevant laws and regulations, all bonds repossessed (including those bought back through the TPEx), repaid or converted by the Company will be cancelled, and all rights and obligations attached to the bonds will be extinguished and will not be issued.

B. The company’s conversion of corporate bonds with a par value of $71,800 from January to September 2021 has been converted into 3,987 thousand shares of ordinary shares, and the same as of December 31, 2020, the conversion of corporate bonds with a face value of $182,500 has been requested to convert into common shares of 9,656 thousand shares has not yet been completed. In the registration part, a total of 13,643 thousand ordinary shares were converted. The base date of capital increase was May 6, 2021. and August 11,2021 (listed "Common Stock" $136,425 and "Additional paid-in capital-Issuance Premium" $32,167 and "Additional paid-in capital-Share Options" $1,217). From January to September of 2020, another denomination of $23,500 is requested to be converted into 1,243 thousand ordinary shares , but the change registration has not yet been completed (listed "Bond Conversion Rights Certificate" $12,434 and "Additional paid-in capital-Issuance Premium" $11,234, and the "Additional paid-in capital-Share Options" $922).

C. Upon the issuance of convertible bonds, the Company separated the conversion rights of equity from the components of liabilities in accordance with IAS 32, "Financial Instruments: Presentation," and recorded "Capital Reserve-Share Options " at $7,810. As of September 30, 2021, December 31, 2020 and September 30, 2020, the balances of the above "Additional paid-in capital-Share Options" were $195, $1,412 and $6,690, respectively, after the repurchase of bonds and the exercise of conversion rights by creditors in accordance with the conversion method. In accordance with IFRS 9, "Financial Instruments", the embedded repurchase and resale rights are separated from the economic characteristics and risks of the principal debt instruments and are recorded as "Financial Assets or Liabilities at Fair Value through Profit or Loss - non-current" on the net basis. The effective interest rate of the master contract debt after the separation was 2.57%.

D. Interest expense recognized in profit or loss for July to September, 2021 and 2020, January to September, 2021 and 2020 is described in Note 6, (27), Financial costs.

(17) Long-term loans

Nature of borrowing	Maturity Date Range	Interest Rate	September 30, 2021		Collateral
Guaranteed bank loans	2021.12.25～2025.10.25	1.34%～1.48%	$	44,015	Land, Building & Construction
Less: Portion due within one year or one business cycle			(	19,670)	
			$	24,345	

Nature of borrowing	Maturity Date Range	Interest Rate	December 31, 2020		Collateral
Guaranteed bank loans	2021.12.25～2025.11.2	1.34%～1.98%	$	312,644	Demand deposits, marketable securities, land, buildings and construction
Unsecured bank loans	2021.4.8～2022.3.4	1.55%～2.62%		37,333	None
				349,977	
Less: Portion due within one year or one business cycle			(	77,523)	
			$	272,454	

Nature of borrowing	Maturity Date Range	Interest Rate	September 30, 2020		Collateral
Guaranteed bank loans	2021.12.25～2025.10.25	1.56%～1.71%	$	69,934	Land, Building & Construction
Unsecured bank loans	2021.4.8～2022.3.4	1.80%～2.56%		48,333	None
				118,767	
Less: Portion due within one year or one business cycle			(	63,891)	
			$	54,876	

The interest expense recognized in profit or loss from July to September 2021 and 2020, January to September 2021 and 2020 is described in Note 6, (27) Financial Costs.

(18) Pensions

A. In accordance with the "Labor Standards Act", the Company and its subsidiaries have defined benefit pension plans that apply to all regular employees' years of service prior to the implementation of "Labor Pension Act" on July 1, 2005, and to employees who elect to continue to be subject to the Labor Standards Act for subsequent years of service after the implementation of "Labor Pension Act". For employees who meet the retirement requirements, pension payments are calculated based on the length of service and the average salary for the six months prior to retirement, with 2 bases for each year of service up to and including 15 years and one base for each year of service over 15 years, up to a maximum of 45 bases. The Company and its subsidiaries contribute 2% of salaries and wages to a monthly pension fund, which is deposited in the Bank of Taiwan in the name of the Labor Pension Fund Supervisory Committee (except that the Company suspended the contribution to the Labor Pension Fund until March 31, 2022, as approved by the competent authority). Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is not sufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company and its domestic subsidiaries will make contribution for the deficit by the end of March of the following fiscal year. Information regarding the above defined benefit retirement plan is disclosed below:

① From July to September, 2021 and 2020, January to September, 2021 and 2020, the Group recognized pension costs of $- in accordance with the above pension plan.

② The Group's estimated contribution to the retirement plan for the next year is $1.

B. Effective July 1, 2005, the Group has established a "Defined contribution pension plan" in accordance with the "Labor Pension Act", which is applicable to employees of the Company. Under the New Plan, the Company contributes monthly an amount not less than 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. The Group recognized pension costs of $2,293 and $1,820 and $6,158 and $4,325 from July to September of 2021 and 2020, January to September of 2021 and 2020, respectively, based on the above pension plan.

(19) Share capital

A. A reconciliation of the number of outstanding shares of the Company's common stock at the beginning and end of the period is as follows: (in thousands of shares)

	January to September of 2021	January to September of 2020
Number of shares at the beginning of the period	42,379	41,136
Issuance of common stock for cash	20,000	-
Conversion of corporate bonds	13,643	-
Repurchase of treasury stock	-	(1,524)
Transfer of treasury stock	-	1,524
Ending balance	76,022	41,136

B. Treasury stock

① Reasons for repurchase of shares and changes in the quantity: (Unit: thousands of shares)

	January to September of 2020			
Reasons for buyback	Number of shares at the beginning of the period	Increase	Decrease	Number of shares at the end of the period
Transfer shares to employees	-	1,524	(1,524)	-

There were no such events from January to September of 2021.

② The Securities and Exchange Act stipulates that the percentage of the Company's repurchase of outstanding shares shall not exceed 10% of the Company's total issued shares, and the total value of shares purchased shall not exceed the retained earnings plus the premium of issued shares and the amount of realized capital reserve.

③ The shares bought back by the Company in accordance with the Securities and Exchange Act shall not be pledged. Before transfer, shareholders are not entitled to the shareholders' rights.

④ In accordance with the Securities and Exchange Act, shares bought back for transfer to employees shall be transferred within five years from the date of purchase; if the shares are not transferred after the expiration date, they shall be considered as unissued shares of the Company and shall be registered for cancellation.

⑤ The amount of treasury stock repurchased from January to September of 2020 was $22,390 (1,524 thousand shares). As of September 30, 2020, the balance of the Company's treasury stock was $- after the repurchase and transfer of treasury stock.

⑥ The amount of the company’s transfer of treasury stocks to employees from January to September 2020 was $22,390, and the amount received was $22,390 (the net amount after deducting related transaction taxes and handling fees was $22,388), and the difference of $2 was transferred to the Additional paid-in capital subtract items.

C. On August 12, 2020, the Board of Directors approved the issuance of 20,000 thousand shares of common stock at a premium of NT$32.5 per share, and the total amount of the capital increase was $650,000, less the related issuance costs of $1,650. The actual net cash capital increase was $648,350, and the base date of the capital increase was January 20, 2021.

D. Please refer to Note 6, (16) for the conversion of bonds payable from January to September, 2021 and 2020.

E. As of September 30, 2021, the Company's total authorized capital was $4,000,000 ($96,000 of the total shares were reserved for conversion of employee stock options) and the paid-in capital was $760,218, divided into 76,022 thousand shares of NT$10 each. All proceeds from shares issued have been collected.

(20) Additional Paid-in Capital

	January to September of 2021				
	Issuance Premium	Trading of treasury stock	The difference between the actual acquisition or disposal of equity in a subsidiary and its book value	Stock option	Total

January 1	$ 183,713	$ 6,741	$ 1,177	$ 11,457	$ 203,088
Issuance of common stock for cash	448,350	-	-	-	448,350
Conversion of bonds into capital stock	32,167	-	-	(1,217)	30,950
Employee Stock Options Compensation Costs	-	-	-	3,237	3,237
Changes in ownership interests in subsidiaries recognized	-	-	84,883	-	84,883
Additional paid-in capital to make up for losses	(58,571)	-	-	-	(58,571)
September 30	$ 605,659	$ 6,741	$ 86,060	$ 13,477	$ 711,937

	January to September of 2020				
	Issuance Premium	Trading of treasury stock	Gain on disposal of assets	Stock option	Total
January 1	$ 98,819	$ 115	$ 5,110	$ 7,632	$ 111,676
Repurchase of convertible bonds	-	60	-	(20)	40
Conversion of bonds into capital stock	11,234	-	-	(922)	10,312
Transfer of treasury stocks to employees	-	(2)	-	-	(2)
Employee Stock Options Compensation Costs	-	6,568	-	-	6,568
Additional paid-in capital to make up for losses	(12,434)	-	(5,110)	-	(17,544)
September 30	$ 97,619	$ 6,741	$ -	$ 6,690	$ 111,050

A. In accordance with the Company Act, any capital reserve arising from additional paid-in capital of the 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 Securities and Exchange Act requires that the amount of additional paid-in capital to be capitalized, as above, should not exceed 10% of paid-in capital each year. Capital reserves should not be used to cover accumulated deficit unless the legal reserve is insufficient.

B. The company passed the resolutions of the regular shareholders' meetings on July 2, 2021 and June 11, 2020, to "Additional paid-in capital-issuance premium" of $58,571 and "Additional paid-in capital-issuance premium" of $12,434 and "Additional paid-in capital-disposition Asset gain" $5,110, to make up for the losses in the 2020 and 2019.

C. For "Additional paid-in capital-Treasury Stock Transactions" and "Additional paid-in capital-Stock Options", please refer to Note 6, (16) Bonds payable and Note 6, (19) Share capital.

(21) Share-based payment to employees

On October 21, 2020, the Company issued 3,000 units of employee compensation stock options at a price of NT$21.6 per unit, which is based on the closing price of the Company's common stock on the date of issuance, and the number of shares of common stock to be subscribed per unit of stock options is 1,000. If there is a change in the shares of the Company's common stock after the issuance of the stock options, the price is adjusted according to a specific formula. As of September 30, 2021, the subscription price for employee stock options has been adjusted to NT$20.6. The stock options issued are valid for a period of 5 years, and employees may exercise their stock options in annual installments after 2 years of employment from the issuance date in accordance with the Employee Stock Option Regulations. The compensation cost of the Company's compensated employee stock options recognized from January to September 2021 (relative to the item listed as "Additional paid-in capital-Employee Stock Options") was $1,792. In addition, 913 thousand shares were granted to employees of the subsidiary over three years period. Therefore, the subsidiary recognized compensation cost (corresponding to the item listed as "Additional paid-in capital-Employee Stock Options") of $1,508 from January to September 2021. There were no such events from January to September of 2020.

A. The number of options and the weighted-average exercise price of the stock option plan for compensated employees from January to September 2021 are disclosed as follows：

	January to September of 2021	
Share Options	Number (units)	Weighted average exercise price (NT$)
Outstanding at the beginning and end of the period	3,000	$ 20.6
Options exercisable at the end of the period	-	-
Options approved and outstanding at the end of the period	-	-

B. The fair value of the Company's stock option plan was estimated using the Black-Scholes option valuation model, and the related information is as follows：

Date of granting	October 21, 2020
Stock Price (NT$)	$ 21.35
Performance Price (NT$)	21.60
Dividend Rate	0%
Expected price volatility	27.97%
Risk-free interest rate	0.2285%
Expected duration	5 years
Fair value per unit (per share)	NT$5.24

C. Transfer of treasury stocks to employees

① As of September 30, 2020, the Group’s share-based payment agreement is as follows：

Type of agreement	Paying day	Number (units)	Contract period	Acquired conditions
Transfer of treasury stocks to employees	2020.8.12	1,524	2020.8.12	Immediately

There were no such events from January to September of 2021.

② The Group uses the Black-Scholes option valuation model to estimate the fair value of the subscription options for its share-based payment transactions. The relevant information is as follows:

Type of agreement	Paying day	Share price (NTD)	Performance price (NTD)	Expected price volatility	Expected duration	Risk-free interest rate	Fair value per unit
Transfer of treasury stocks to employees	2020.8.12	19.00	14.69	35.83%	0.055years	0.1166%	4.31

③ The cost of remuneration incurred in the share-based payment transaction based on equity delivery from July to September in 2020 and January to September in 2020 was both $6,568. There were no such events from July to September of 2021 and January to September of 2021

(22) Retained earnings

A. Legal reserve may not be used except to offset losses or to issue new shares or cash in proportion to the shareholders' original shares, provided that the amount of new shares or cash issued shall be limited to the portion of the reserve that exceeds 25% of the paid-in capital.

B. In accordance with the Company's Articles of Incorporation, if there is any surplus in the Company's annual accounts, the Company shall first pay taxes and make up for accumulated deficits, and then set aside 10% as legal reserve (except when the legal reserve has already reached the total capital), and the remainder, in addition to dividends, shall be distributed as dividends to shareholders if there is any surplus. The Company's dividend policy is based on the Company's future capital budget plan to measure the capital requirements for future years, and the remaining earnings will be distributed in the form of cash dividends only after the Company has decided to use retained earnings to meet the capital requirements. The Board of Directors shall prepare a proposal for the distribution of earnings in accordance with the order and rate of distribution of earnings as provided for in these Articles of Incorporation, and the proposal shall be approved by the shareholders' meeting.

The surplus distribution in the preceding paragraph, in accordance with Article 240, Item 5 of the Company Law, authorizes the board of directors to present at least two-thirds of the directors and a resolution of more than half of the directors present to distribute all or part of the dividends and bonuses to be paid in cash, and report to the shareholders meeting.

The Company considers a balanced and stable dividend policy and, depending on the demand for investment capital and the dilution of earnings per share, dividends to shareholders should be 50% to 100% of accumulated distributable earnings and should be paid in the form of appropriate stock dividends or cash dividends, with cash dividends to be distributed at no less than 50% of shareholders' dividends.

C. Special reserve

① When the Company distributes earnings, the Company is required by law to set aside a special reserve for the debit balance of other equity items as of the balance sheet date of the year in order to distribute the earnings.

② When the Company first adopted IFRSs, the special reserve of NT$7,745 was provided for in accordance with FSC No. 1010012865 dated April 6, 2012. When the Company subsequently uses, disposes of or reclassifies the related assets, the Company reverses the percentage of the special reserve originally provided for.

D. On June 11, 2020, the shareholders' meeting resolved not to distribute earnings because there was no profit in the final accounts of 2019, and the legal reserve of $5,409 was used to cover the deficit. On July 2, 2021, the Board of Directors resolved not to distribute the earnings for the year ended December 31, 2020 because there was no profit.

(23)Operating revenue

	July to September of 2021	July to September of 2020
Customer contract revenue	$ 912,684	$ 649,250

	January to September of 2021	January to September of 2020
Customer contract revenue	$ 2,617,339	$ 1,094,218

A. Segmentation of revenue from contracts with customers

The Group's revenue is recognized when the source is shifted at a point in time and as it is provided over time, revenue can be subdivided into the following major categories of goods or services:

	July to September of 2021	July to September of 2020
Revenue from sales of screws	$ 268,749	$ 162,018
Revenue from scrap iron	181,747	331,202
Contracting revenue	173,173	21,784
Project revenue	121,920	-
Logistics transport revenue	69,233	38,566
Income from electricity sales	51,654	52,454
Labor service operation revenue	23,852	24,934
Others	22,356	18,292
	$ 912,684	$ 649,250

	January to September of 2021	January to September of 2020
Revenue from scrap iron	$ 911,157	$ 394,602
Revenue from sales of screws	727,348	483,670
Contracting revenue	351,632	33,035
Project revenue	189,740	-
Logistics transport revenue	181,713	84,265
Income from electricity sales	112,959	52,454
Labor service operation revenue	63,082	24,934
Others	79,708	21,258
	$ 2,617,339	$ 1,094,218

	July to September of 2021	July to September of 2020
Cut-off point of revenue recognition		
Revenue recognized at a particular point in time	$ 790,764	$ 649,250
Revenue recognized gradually over time	121,920	-
	$ 912,684	$ 649,250

	January to September of 2021	January to September of 2020
Cut-off point of revenue recognition		
Revenue recognized at a particular point in time	$ 2,426,867	$ 1,094,053
Revenue recognized gradually over time	190,472	165
	$ 2,617,339	$ 1,094,218

B.The Group recognized contract liabilities related to revenue from customer contracts as follows:

	September 30. 2021	December 31. 2020	September 30. 2020	January 1,2020
Contractual Liabilities - Current				
Unearned receipts	$ 11,559	$ 15,724	$ 2,274	$ 2,662

The opening contract liabilities were recognized in revenue of $0 and $0 for July to September of 2021 and 2020, $15,264 and $1,898 for January to September of 2021 and 2020 respectively.

(24)Interest income

	July to September of 2021	July to September of 2020
Interest from bank deposits	$ 50	$ 53
Other interest incomes	7	3
	$ 57	$ 56

	January to September of 2021	January to September of 2020
Interest from bank deposits	$ 263	$ 359
Other interest incomes	8	8
	$ 271	$ 367

(25)Other income

	July to September of 2021	July to September of 2020
Lease income	$ 190	$ 316
Dividend income	2,438	3,423
Other income	1,017	1,492
	$ 3,645	$ 5,231

	January to September of 2021	January to September of 2020
Lease income	$ 570	$ 316
Dividend income	2,438	3,423
Other income	3,754	2,159
	$ 6,762	$ 5,898

(26)Other gains or losses

	July to September of 2021	July to September of 2020
Net loss on financial assets and liabilities at fair value through profit or loss	($ 3,565)	($ 1,251)
Net loss on disposal of property, plant and equipmen	(4,225)	–
Net foreign currency exchange (loss) gain	(2,634)	(905)
Lease Modification Benefit	–	6
Other loss	(215)	(471)
	($ 10,639)	($ 2,621)

	January to September of 2021	January to September of 2020
Net gain on financial assets and liabilities at fair value through profit or loss	$ 25,158	$ 2,113
Net loss on disposal of property, plant and equipmen	(4,564)	(2,766)
Net foreign currency exchange (loss) gain	(9,240)	54
Lease Modification Benefit	–	6
Loss on repurchase of corporate bonds	–	(26)
Other benefits	(173)	(428)

	$ 11,181	($ 1,047)

(27)Financial costs

	July to September of 2021	July to September of 2020
Interest expense		
Bank Loans	$ 2,219	$ 3,466
Convertible bonds	4	94
Lease liabilities	300	51
	$ 2,523	$ 3,611

	January to September of 2021	January to September of 2020
Interest expense		
Bank Loans	$ 7,639	$ 8,125
Convertible bonds	24	283
Lease liabilities	354	160
	$ 8,017	$ 8,568

(28)Additional information on the nature of expenses

	July to September of 2021			July to September of 2020		
	Operating Costs	Operating expenses	Total	Operating Costs	Operating expense	Total
Employee benefits expenses	$ 51,426	$21,303	$ 72,729	$ 35,256	$21,727	$ 56,983
Depreciation	$ 12,592	$ 4,058	$ 16,650	$ 13,350	$ 3,640	$ 16,990
Amortization expense	$ –	$ 70	$ 70	$ –	$ 26	$ 26

	January to September of 2021			January to September of 2020		
	Operating Costs	operating expense	Total	operating Cost	operating expense	Total
Employee benefits expenses	$138,817	$50,543	$189,360	$ 81,665	$42,558	$124,223
Depreciation	$ 36,827	$11,967	$ 48,794	$ 39,530	$11,207	$ 50,737
Amortization expense	$ –	$ 121	$ 121	$ –	$ 26	$ 26

(29)Employee benefits expense

	July to September of 2021			July to September of 2020		
	Operating Cost	Operating expense	Total	Operating Cost	Operating expense	Total
Salary expense	$ 44,607	$17,367	$ 61,974	$ 30,097	$13,425	$ 43,522
Employee Compensation Costs	-	1,079	1,079	-	6,568	6,568
Labor and health insurance expenses	3,923	1,448	5,371	2,934	805	3,739
Pension expense	1,605	688	2,293	1,334	486	1,820
Other personnel expenses	1,291	721	2,012	891	443	1,334
	$ 51,426	$21,303	$ 72,729	$ 35,256	$21,727	$ 56,983

	January to September of 2021			January to September of 2020		
	Operating Cost	Operating expense	Total	Operating Cost	Operating Expense	Total
Salary expense	$119,935	$39,977	$159,912	$ 69,030	$30,629	$ 99,659
Employee Compensation Costs	-	3,237	3,237	-	6,568	6,568
Labor and health insurance expenses	11,078	3,649	14,727	7,074	2,662	9,736
Pension expense	4,423	1,735	6,158	2,981	1,344	4,325
Other personnel expenses	3,381	1,945	5,326	2,580	1,355	3,935
	$138,817	$50,543	$189,360	$ 81,665	$42,558	$124,223

A. In accordance with the Company's Articles of Incorporation, the Company shall contribute 1% to 3% of the current year's profitability as compensation to employees and not more than 3% as compensation to directors and supervisors. However, where there are accumulated losses, an equivalent amount shall be appropriated to compensate for the losses. Employees may be paid in stock or cash. The distribution of employees' remuneration and directors' and supervisors' remuneration shall be made by a resolution of the board of directors with at least two-thirds of the directors present and a majority of the directors present, and reported to the shareholders' meeting.

The above-mentioned profit status for the year refers to the income before taxation before the distribution of employees' remuneration and directors' and supervisors' remuneration.

B. The Company’s estimated amounts of employees’ remuneration for three months and nine months ended September 30, 2021 and 2020 were NT$390 、NT$390、NT$0 and NT$0 respectively; the estimated amounts of directors' remuneration are NT$1,110、NT$1,110、NT$0 and NT$0 respectively. Information on employees' remuneration and directors' remuneration approved by the Company's board meeting can be found on the MOPS.

(30)Income tax

A.Income tax benefit components.：

	July to September of 2021		July to September of 2020	
Current tax：				
Current tax on profits for the year	$	3,853	$	15,614
Total current tax		3,853		15,614
Deferred income tax：				
Generation and reversal of temporary differences		3,152	(	14,894)
Income tax expenses	$	7,005	$	720

	January to September of 2021		January to September of 2020	
0Current tax：				
Current tax on profits for the year	$	8,840	$	8,829
Low estimate of prior year's income tax		–		411
Total current tax		8,840		9,240
Deferred income tax：				
Generation and reversal of temporary differences	(	19,916)	(	18,326)
Income tax benefits	($	11,076)	($	9,086)

B. The Company's income tax has been approved by the tax authorities until 2019, and no administrative relief has been provided as of November 10, 2021.

(31)Earning (Loss) per share

	July to September of 2021		
	Amount after tax	Weighted average Share outstanding (thousand shares)	Earning per share (NT$)
Basic earning per shares			
Net income attributable to equity	$ 43,717	75,717	$ 0.58

holders of the parent company for the period			
Diluted earning per shares			
Net income attributable to equity holders of the parent company for the period	$ 43,717	75,717	
Effect of dilution			
Employee Compensation	-	15	
Bonds payable	-	910	
Net income attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary share	$ 43,717	76,642	$ 0.57

	July to September of 2020		
	Amount after tax	Weighted average Share outstanding (thousand shares	Earning per share (NT$)
Basic earning per shares			
Net income attributable to equity holders of the parent company for the period	$ 14,144	39,976	$ 0.35
Diluted loss per share			
Net income attributable to equity holders of the parent company for the period	$ 14,144	39,976	
Effect of dilution			
Bonds payable	-	14,705	
Net income attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary share	$ 14,144	54,681	$ 0.26

	January to September of 2021		
	Amount After tax	Weighted averag Share outstanding (thousand shares	Earning per share (NT$)
Basic earning per shares			
Net income attributable to equity holders of the parent company for the period	$ 85,956	66,491	$ 1.29
Diluted loss per share			
Net income attributable to equity holders of the parent company for the period	$ 85,956	66,491	

Effect of dilution			
Employee Compensation	－	15	
Bonds payable	－	1,496	
Net income attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	$ 85,956	68,002	$ 1.26

	January to September of 2020		
	Amount After tax	Weighted averag Share outstanding (thousand shares	Earning per share (NT$)
Basic and diluted loss per share			
Net loss attributable to equity holders of the parent company for the period	($ 45,824)	40,363	($ 1.14)

The convertible bonds of January to September 2020 were excluded from the calculation of diluted loss per share because of their antidilutive effect.

(32)Business combinations

A.On June 30, 2020, the Company acquired 99% of the share capital of Yung-Fu Co., Ltd. for $150,000, and obtained control over Yung-Fu Co., Ltd. . The main business of Yung-Fu Co., Ltd. is engaged in the entrusted operation and management service business of garbage and industrial waste incineration plants.

As a result of the acquisition, the Company is expected to expand environmental friendly career and increase operation Performance.

B.Information on the fair value of the consideration paid, assets acquired and liabilities assumed for the acquisition of Yung-Fu Co.,Ltd.on the acquisition date is as follows:

	June 30 2020
Purchase consideration	
cash	$ 150,000
Fair value of the non-controlling interest	1,395
	151,395
Fair value of the identifiable assets acquired and liabilities	
Current assets	168,940
Property, plant and equipment	146,684
Right-of-use assets	1,550
Net investment property amount net	31,002
Other non-current assets	55,650
Current liabilities	(253,363)
Non-current liabilities	(10,948)

Identifiable deferred tax liabilities	(7,123)
Total identifiable net assets	132,392
Goodwill	$ 19,003

C.. Yung-Fu Co., Ltd. were consolidated since June 30, 2020.. Yung-Fu Co., Ltd. contribute the company's operating revenue and income before tax both are $76,613 and 33,569.. Yung-Fu Co., Ltd.been consolidated from January 1, 2020, the consolidated statement of comprehensive income would show operating revenue of $1,187,389 and loss before income tax of ($86,657) for the nine-month period ended September 30, 2020.

(33)Supplemental cash flow information

A. Investing activities with only partial cash receipts and payments：

	January to September of 2021	January to September of 2020
①Acquisition of property, plant and equipment	$ 52,047	$ 7,928
Add: Bills payable at beginning of period - related parties	–	585
Other payables at the beginning of the period	154	154
Less: Other payables at the end of the period	(9,150)	(154)
Cash paid for acquisition of property, plant and equipment	$ 43,051	$ 8,513

	January to September of 2021	January to September of 2020
② Disposal of property, plant and equipment	$ 8,666	$ 607
Add: Bills receivable at the beginning of the period	51,011	39,844
Long-term notes and accounts receivable at the beginning of the period	50,600	105,800
Less: Notes receivable at the end of the period	(55,200)	(49,615)
Long-term notes and accounts receivable at the end of the period	(9,200)	(64,400)
Cash receipts from disposal of property, plant and equipment	$ 45,877	$ 32,236

	January to September of 2021	January to September of 2020
③ Disposal of other non-current assets	$ –	$ –
Add: Bills receivable at the beginning of the period	4,189	9,308

Less: Notes receivable at the end of the period	-	(5,585)
Cash receipts from disposal of other non-current assets	$ 4,189	$ 3,723

B. Investing and financing activities that do not affect cash flows.：

	January to September of 2021	January to September of 2020
①Transfer of prepayments for equipment to property, plant and equipment	$ 63,957	$ 3,244
②Conversion of convertible bonds into capital stock and capital surplus	$ 70,814	$ 22,746

C. Amount of cash obtained from the first merger of the subsidiary：

The Group obtained control of its subsidiary, Yung-Fu Co., Ltd. on June 30, 2020. The fair values of assets acquired and liabilities assumed are as follows:

:

	June 30 2020
Cash and cash equivalents	$ 56,265
Accounts receivable net	44,564
Other receivables _	73
Pre-payments	25,679
Non-current assets held for sale	41,565
Other financial Assets -current	794
Property, Plant and Equipment	146,684
Right-of-use assets	1,550
Investment property amount net	31,002
Deferred tax assets	34,386
Refundable deposits	174
Net defined benefit assets- non-current -	1,970
Other non-current assets -	19,120
Goodwill	19,003
Short-term loans	(200,000)
Notes Payable	(29,420)
Accounts payable	(3,404)
Other payables	(19,342)
Lease liabilities - Current	(1,197)
Deferred tax liabilities	(7,123)
Lease liabilities – Non-current	(376)
Long-term payables	(10,572)
Non-controlling interest	(1,395)
Total cash paid for acquisition of subsidiary	150,000
Less：Acquisition of subsidiary- Yung-fu Cash paid	(56,265)
Cash paid for acquisition of subsidiary (Less:Deduct the cash)	$ 93,735

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(34) Changes in liabilities arising from financing activities

	Short-term loans	Short-term notes and bills payable	Lease liabilities	Bonds payable (including the Due 1year)	Long-term loans (including the Due 1 year)	Total liabilities arising from financing activities
January 1, 2021	$ 547,289	$ 60,000	8,627	$ 81,844	$ 349,977	$ 1,047,737
Net change in financing cash flows	32,220	-	(8,299)	-	(305,962)	(282,041)
Other non-cash transactions	-	-	97,931	(70,791)	-	27,140
September 30 2021	$ 579,509	$ 60,000	$ 98,289	$ 11,053	$ 44,015	$ 792,836

	Short-term Loan	Short-term note and bills payable	Lease liabilities	Bonds payable	Long-term loans (including the Due 1year))	Total liabilities arising from financing activities
January 1 2020	$ 450,901	$ 10,000	$ 14,422	$ 282,154	$ 175,849	$ 933,326
Net change in financing cash flows	18,304	40,000	(7,378)	(513)	(57,082)	(6,669)
Other non-cash transactions	200,000	-	3,431	(22,477)	-	180,954
September 30 2020	$ 669,205	$ 50,000	$ 10,475	$ 259,164	$ 118,767	$ 1,107,611

7.Related party transaction

（1）Name and relationship

Name of related party	Relationship with the Group
Chun Yu Group	Other related parties
Chun Zu Machinery Industry	Other related parties
Chun Bang Precision Co.,Ltd.	Other related parties
Quintain Steel Co.,Ltd.	Other related parties
TMPCO Steel Co.,Ltd	Other related parties
GMTC Gloria Material Technology Corp	Other related parties

（2）Significant transactions with the related parties

A.Sale of goods

	July to September of 2021	July to September of 2020
Sale of goods：		
GMTC Gloria Material Technology Corp.	$ 182,941	$ 12,227
Other related parties	41,771	31,871
	$ 224,712	$ 44,098

	January to September of 2021	January to September of 2020
Sale of goods：		
GMTC Gloria Material Technology Corp.	$ 370,137	$ 27,540
Other related parties	102,830	44,417
	$ 472,967	$ 71,957

Transaction price: Negotiated price for both related and unrelated parties.
Collection terms (period): 15 to 90 days for related parties and 3 to 90 days for non-related parties by wire transfer or 60 to 90 days by letter of credit after the date of bill of lading.

B.Purchase of goods

	July to September of 2021	July to September of 2020
Product Purchase:：		
Chun Yu Group	$ 143,359	$ 65,662
Other related parties	-	8
	$ 143,359	$ 65,670

	January to September of 2021	January to September of 2020
Product Purchase:：		
Chun Yu Group	$ 365,493	$ 200,638
Other related parties	-	161
	$ 365,493	$ 200,799

Transaction price: Negotiated price for both related and unrelated parties.

Payment terms (period): The terms of purchase transactions from related parties are generally similar to those of general suppliers, with an average payment period of one to three months, but the payment period may be extended by mutual agreement depending on the availability of funds.

C. Tooling and repair costs (included in "Operating costs" and "Other non-current assets - other")

	July to September of 2021	July to September of 2020
Other related parties	$ 3,384	$ 1,450

	January to September of 2021	January to September of 2020
Other related parties	$ 14,967	$ 3,579

D. Property transaction

Acquisition of property, plant and equipment

	Item	July to September of 2021	July to September of 2020
Other related parties	Machine	$ 6,750	$ –

	Item	January to September of 2021	January to September of 2020
Other related parties	Machine	$ 6,750	$ –

The Group purchases property, plant and equipment from related parties through negotiated price

E. Accounts receivable

	September 30 2021	December 31, 2020	September 30 2020
GMTC Gloria	$ 88,068	$ 24,895	$ 10,660
Other related parties	25,317	13,059	22,003
	$ 113,385	$ 37,954	$ 32,663

F. Notes payable

	September 30 2021	December 31, 2020	September 30 2020
Other related parties	$ 3,550	$ 2,102	$ 1,851

G. Accounts payable

	September 30 2021	December 31, 2020	September 30 2020
Chun Yu Group	$ 107,002	$ 62,989	$ 45,467
Other related parties	–	13	13
	$ 107,002	$ 63,002	$ 45,480

H. Other payable

	September 30 2021	December 31, 2020	September 30 2020
Other related parties	$ 1,075	$ 1,972	$ 183

(3) Compensation of key management personnel

	July to September of 2021	July to September of 2020
Salary and other short-term employee benefits	$ 2,668	$ 790

	January to September of 2021	January to September of 2020
Salary and other short-term employee benefits	$ 7,211	$ 3,115

8. Assets pledged

The breakdown of guarantees provided for the Group's assets is as follows

Assets	September 30 2021	December 31, 2020	September 30 2020	Purpose
Pledged demand deposits (Note 1)	$ 101,311	$ 162,951	$ 94,016	Guarantees for short -term and long-term Loans Guarantees, performance guarantees
Pledged time deposits (Note 1)	141,093	29,913	108,760	hort-term loans and short-term notes payable Guarantees
Bonds with repurchase (Note 1)	9,000	9,000	6,000	Guarantee for short-term notes payable
Marketable securities (Note 2)	−	207,331	15,000	Guarantees for short-term and long-term loans
Land (Note 3)	145,046	145,046	92,904	Guarantees for short-term and long-term loans
House and Building – Net-(Note 3)	54,003	56,932	14,077	Guarantees for short-term and long-term loans
	$ 450,453	$ 711,173	$ 330,757	

(Note 1) The table presents "Financial assets at amortized cost - current" and "Financial assets at amortized cost - non-current".

(註2) December 31, 2020 and September 30, 2020，respectively $15,000 and $192,331 is shown as "financial assets at fair value through other comprehensive income - current" and $192,331 is pledged as security for 24,751 thousand shares of the subsidiary Yung Fu Co., Ltd. and $15,000 is shown as "financial assets at fair value through other comprehensive income - current"

(Note 3) "Property, plant and equipment" is listed in the table.

9. Significant contingent liabilities and unrecognized commitments

(1) As of September 30, 2021, December 31, 2020 and September 30, 2020, the Group had contracted but not yet paid capital expenditures of $182,667, $700 and $700, respectively, for the acquisition of property, plant and equipment.

(2) As oF September 30, 2021 December 31, 2020 and September 30, 2020 the Group had outstanding letters of credit for the purchase of raw materials for which letters of credit had been opened and not yet pledged amounted to $96,516, $29,900 and $20,849 respectively.

10. Losses due to major disasters

None such cases.

11. Major Events after Financial Statement Date

The company's board of directors passed the resolution on November 10, 2021 to increase the cash capital of the subsidiary. TSG TRANSPORT CORP. TSG In order to reinvest, enrich working capital, and add equipment, it is planned to issue a cash capital increase of no more than 8,000 thousand new shares at NT$10 per share.

12. Others

(1)Capital management

The Group's capital management objectives are to protect the Company's ability to continue as a going concern, to maintain an optimal capital structure to reduce the cost of capital, and to provide returns to shareholders. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(2)Financial instruments

A. Types of financial instrument

The Group's types of financial instrument please see footnote 12,(3) Fair value information.

B. Risk management policies

① The Group's daily operations are subject to a number of financial risks, including market risk (including exchange rate risk, interest rate risk and price risk), credit risk and liquidity risk. In order to reduce the adverse effect of uncertainty on the Group's financial performance, the Group enters into forward exchange rate contracts to hedge the exchange rate risk.

② Risk management is carried out by a central finance department (Group finance) under policies approved by the Board of Directors. The Group's Finance Department is responsible for identifying, assessing and hedging financial risks by working closely with the Group's operating divisions.

C. Significant financial risks and degrees of financial risks

① Market risk

a. Foreign exchange risk

a-1. The Group's management has established a policy that requires the Group to manage its exposure to exchange rate risk relative to its functional currency. Hedging of its overall exchange rate risk should be performed through the Corporate Finance Department. Exchange rate risk is measured by using forward foreign exchange contracts to reduce the impact of exchange rate fluctuations on the expected collection of accounts receivable through highly probable expected transactions of Euro and US dollar expenses.

a-2. The Group uses forward exchange rate transactions to hedge its exposure to exchange rate risk, but does not meet all the criteria for hedge accounting and therefore accounts for financial assets or liabilities measured at fair value through profit or loss.

a-3. The Group engages in operations involving certain non-functional currencies (the functional currency of the Company and subsidiaries is the New Taiwan dollar) and is therefore subject to exchange rate fluctuations. Information on foreign currency assets and liabilities with significant exchange rate fluctuations is as follows:

	September 30,2021		
	Foreign currency (In thousand)	xchange Rate	Carrying amount
(Foreign currency: functional currency)			
Financial asset			
Monetary items			
USD: NTD	$ 8,411	27.85	$ 234,246
Euro: NTD	5,983	32.32	193,371
Financial liability			
Monetary items			
USD: NTD	608	27.85	16,933
Euro: NTD	177	32.32	5,721

	December 31, 2020		
	Foreign currency (In thousand)	Exchange Rate	Carrying amount
(Foreign currency: functional currency)			
Financial asset			
Monetary items			
USD: NTD	$ 8,155	28.48	$ 232,254
Euro: NTD	572	35.02	20,031
Financial liability			

Monetary items			
USD: NTD	75	28.48	2,136

	September 30,2020		
	Foreign currenc (In thousand)	Exchange Rate	Carrying amount
(Foreign currency: functional currency)			
Financial asset			
Monetary items			
USD: NTD	$ 6,147	29.10	$ 178,878
Euro: NTD	1,221	34.15	41,697
Financial liability			
Monetary items			
USD: NTD	68	29.10	1,979
Euro: NTD	14	34.15	478

a. The sensitivity analysis of foreign currency exchange rate risk is calculated mainly for foreign currency monetary items as of the end of the financial reporting period. If the New Taiwan dollar had strengthened/weakened by 1% against the U.S. dollar and the Euro, all other factors remaining constant, the Group's net income would have increased/decreased by $3,241 and $1,745 for January through September of 2021 and 2020 respectively.

b. The total amount of exchange (loss) gains (both realized and unrealized) recognized from July to September 2021 and 2020, and January to September, 2021 and 2020 due to exchange rate fluctuations of the Group's monetary items was ($2,634)、($905), and ($9,240)、$54 respectively.

b. Price risk

b-1.The Group's equity instruments that are exposed to price risk are financial assets held at fair value through other comprehensive income. In order to manage the price risk of investments in equity instruments, the Group diversifies its investment portfolio in accordance with the limits set by the Group.

b-2 .The Group invests primarily in equity instruments issued by domestic companies. The prices of these equity instruments are affected by the uncertainty of the future value of the underlying investments. If the price of these equity instruments had increased or decreased by 1%, with all other factors held constant, the benefit or loss to shareholders' equity from equity investments measured at fair value through other comprehensive income would have increased or decreased by $1,233 and $796 from January to September 2021 and 2020, respectively.

c. Cash flow and fair value interest rate risk

The Group's borrowings are floating-rate financial instruments. Therefore, changes in market interest rates will cause the effective interest rates of debt-type financial instruments to change accordingly, resulting in fluctuations in their future cash flows. This risk is partially offset by cash and cash equivalents held at floating interest rates. With respect to the sensitivity analysis of interest rate risk, a 10% increase/decrease in borrowing rates, with all other factors held constant, would have increased/decreased net income by $449 and $589 from January to September 2021 and 2020, respectively, mainly due to the increase/decrease in interest expense as a result of floating rate borrowings.

② Credit risk

a. The Group's credit risk is the risk of financial loss arising from the failure of customers or counterparties to financial instruments to meet their contractual obligations, mainly from the failure of counterparties to settle accounts receivable on collection terms.

b. The management of credit risk is established with a Group perspective. In accordance with the internal credit policy, the Company and each new customer are required to manage and analyze the credit risk before setting the terms and conditions of payment and delivery. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilization of credit limits is regularly monitored.

c. The Group adopts IFRS 9 to provide the following premise assumptions. When a contractual payment is more than 60 days past due according to the contractual payment terms, the credit risk of the financial asset is considered to have increased significantly since the original recognition.

d. In accordance with credit risk management, the Group starts to assess impairment when contractual payments are overdue for a certain number of days in accordance with the contractual payment terms.

e. The Group estimates the expected credit losses based on the loss ratio method and the allowance matrix by grouping the notes and accounts receivable of customers according to the credit terms, and adjusts the loss ratio based on historical and current information of a specific period to estimate the allowance for losses on notes and accounts receivable by taking into account the prospective future. The following is a summary of the changes in the allowance for losses on notes and accounts receivable for which the Group has adopted the simplified approach:

	January to September 2021		
	Notes receivable	Accounts receivable	Total
Balance of beginning and ending period	$ －	$ 23	$ 23

	January to September 2020		
	Notes receivable	Accounts receivable	Total
Balance of beginning period	$ －	$ 23	$ 23
Increase by merge	－	3	3
Expected credit impairment loss	－	1	1
Balance of ending period	$ －	$ 27	$ 27

③ Liquidity risk

a. Cash flow forecasting is a process whereby the Finance Department monitors the forecast of the Group's liquidity requirements to ensure that it has sufficient funds to meet its operational needs and maintains sufficient unspent borrowing commitments at all times so that the Group does not breach the relevant borrowing limits or terms.

b. In the event that the Group holds surplus cash in excess of the working capital management requirements, the Group's Finance Department invests the surplus funds in interest-bearing demand deposits and time deposits in instruments of appropriate maturity or sufficient liquidity to meet the above forecast and to provide sufficient level of dispatch. As of September 30, 2021, December 31, 2020 and September 30, 2020, the Group held money market positions of $516,724, $261,027 and $128,010, respectively, which are expected to generate immediate cash flow to manage liquidity risk.

c. The Group's unutilized borrowings are shown as follows:

	September 30, 2021	December 31, 2020	September 30, 2020
Floating rate			
Mature within one year	$ 1,428,071	$ 522,711	$ 1,280,795
Maturity of more than one year	255,986	253,173	223,233
	$ 1,684,057	$ 775,884	$ 1,504,028

D. The following table shows the Group's non-derivative financial liabilities, grouped by the relevant maturity date. Non-derivative financial liabilities are analyzed based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

September 30, 2021	Less than 1 year	1 to 2 years	2 to 5 years	Over 5years
Non-derivative financial liabilities				
Short-term borrowings	$580,909	$ –	$ –	$ –
Short-term notes and bills payable	60,000	–	–	–
Notes payable (Including related parties)	30,823	–	–	–
Accounts payable (Including related parties)	357,632	–	–	–
Other payables	130,907	–	–	–
Lease liabilities	11,371	10,208	31,422	51,138
Bonds payable	16,445	–	–	–
Long-term loans (including the portion due within one year or one business cycle)	20,798	10,519	14,134	–

December 31, 2020	Less than 1 year	1 to 2 years	2 to 5 years	Over 5years
Non-derivative financial liabilities				
Short-term borrowings	$548,695	$ –	$ –	$ –

Short-term notes and bills payable	60,000	–	–	–
Notes payable (Including related parties)	18,413	–	–	–
Accounts payable (Including related parties)	247,195	–	–	–
Other payables	92,109	–	–	–
Lease liabilities	6,755	1,270	791	–
Bonds payable	–	89,455	–	–
Long-term loans (including the portion due within one year or one business cycle)	83,550	177,203	105,390	223
Derivative financial liabilities				
Financial liabilities at fair value through profit or loss	568	–	–	–

September 30, 2020	Less than 1 year	1 to 2 years	2 to 5 years	Over5years
Non-derivative financial liabilities				
Short-term borrowings	$671,962	$ –	$ –	$ –
Short-term notes and bills payable	50,000	–	–	–
Notes payable (Including related parties)	20,667	–	–	–
Accounts payable (Including related parties)	137,545	–	–	–
Other payables	85,642	–	–	–
Lease liabilities	8,487	1,205	914	–
Bonds payable	–	275,880	–	–
Long-term loans (including the portion due within one year or one business cycle)	64,904	30,893	24,561	113

(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 available to the enterprise 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: The observable input value of assets or liabilities, directly or indirectly, except for those included in the quoted prices in Level 1. The fair value of the Company's investments in forward exchange contracts are included in this category.

Level 3: Unobservable inputs to assets or liabilities.

B. The Group's financial instruments that are not measured at fair value (including cash and cash equivalents, financial assets at amortized cost - current, notes receivable, other notes receivable, accounts receivable (including related parties), other receivables, financial assets at amortized cost - non-current, refundable deposits, long-term notes receivable The carrying amounts of short-term loans, short-term bills payable, notes payable, accounts payable (including related parties), other payables, lease liabilities, bonds payable and long-term loans (including those due within one year) approximate their fair values.

C. Financial instruments carried at fair value are classified according to the nature, characteristics and risks of the assets and liabilities and the basis of the fair value hierarchy. The related information is as follows:

September 30, 2021	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 28,097	$ -	$ -	$ 28,097
Financial assets at fair value through other comprehensive income				
Equity securities	$100,443	$ -	$ -	$ 100,443

December 31, 2020	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Equity securities	$ 64,523	$ -	$ -	$ 64,523
Liabilities				
Recurring fair value measurements				
Financial liabilites at fair value through profit and loss				
Forward Foreign Exchange Contracts	$ -	$ 568	$ -	$ 568

September 30, 2020	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit and loss				
Forward Foreign Exchange	$ -	$ 516	$ -	$ 516

Contracts				
Financial assets at fair value through other comprehensive income -				
Equity securities	55,281	-	-	55,281
	$ 55,281	$ 516	$ -	$ 55,797

D. The methods and assumptions used by the Group to measure fair value are described below:

① The Group adopt market pricing as the input of fair value (i.e. Level 1), and the breakdown of the characteristics of the instrument is as follows：

	Listed (OTC) stocks	Open-end fund
Market price	Closing price	Fund net worth

② Derivative financial instruments are evaluated based on valuation models that are widely accepted by market users, such as the discount method and option pricing models. Forward exchange contracts are usually evaluated based on current forward exchange rates.

E. There were no transfer between Level 1 and Level 2 from January to September, 2021 and 2020.

F. There were no Level 3 financial instruments from January to September, 2021 and 2020.

(4) Other Information

A. The Group is a multinational enterprise. Due to the outbreak of the COVID-19 pandemic, some countries in Europe and the Americas have implemented various measures to prevent the outbreak, which has affected the export sales to a certain extent. The Group maintains close contact with customers and manufacturers to maintain the continuity of orders, but the actual extent of the possible impact will depend on the subsequent development of the epidemic in each country.

B. Due to Covid-19 outbreak and numbers of the government's epidemic prevention measures,theGroup mplemented workplace hygiene management measures in accordance with the "Guidelines for Enterprise Planning of Business Continuity in Response to the Coronavirus Disease 2019 (COVID-19)" and managed related issues continuously. Except for those employees who worked in office under a staggered shift pattern, the employees in the plant were working normally and there was no significant adverse impact on the Group's operations.

C. The nature and scope of government subsidies:
Due to the application of the Ministry of Economic Affairs "Key Points for Fund Rescue and Rejuvenation of Business Funds Relief and Interest Subsidy for Business Difficulties Affected by New Coronary Pneumonia", from January to September of 2020, the Group recognized $9,301 for government subsidized salary expenses and working capital. (It was recognized as deduction from "operating costs").

13. Additional Disclosures

(In accordance with the regulations, only information from January to September 2021 is disclosed.)

(1) Significant transactions information

① Loans to others: Please refer to Table 1.

② Endorsement and guarantee for others: None.

③ Marketable securities held at the end of the period: Please refer to Table 2.

④ Individual securities acquired or disposed of with accumulated amount exceeding the lower of $300 million or 20% of the capital stock: Please refer to Table 3.

⑤ Acquisition of individual real estate with amount exceeding the lower of $300 million or 20% of the capital stock: None.

⑥ Disposal of individual real estate with amount exceeding the lower of $300 million or 20% of the capital stock:None.

⑦ Related party transactions for purchases and sales amounts exceeding the lower of NT$100 million or 20% of the capital stock: Please refer to Table 4.

⑧ Receivables from related parties with amounts exceeding the lower of $100 million or 20% of capital stock: None.

⑨ Derivative financial instruments: Please refer to Note 6 (2) Financial assets and liabilities at fair value through profit or loss - current.

⑩ Business relationships and significant intercompany transactions between the parent company and subsidiaries: Please refer to Table 5.

(2) Information on investees

Name of investee company, location and other related information (excluding Mainland China investee company): Please refer to Table 6.

(3).Information on investments in China

None such cases.

(4) Information on main investors

Information on major shareholders: Please refer to Table 7.

14. Segments Information

(1) General information

The management of the Group has identified the reportable segments based on the reported information used by operational decision makers in making decisions. There were no significant changes in the Group's corporate composition, the basis of segmentation and the basis of measurement of segment information during the period.

(2) Departmental information

Information on the reporting segments provided to the chief operating decision maker is shown as follows:

	January to September of 2021			
	Screw Department	Transportation Department	Environmental Department	Total
Net external revenue	$ 728,079	$ 1,449,518	$ 439,742	$ 2,617,339
Net external revenue	-	19,088	521	19,609
Interest income	218	16	37	271
Depreciation and Amortization	43,311	1,023	4,581	48,915
Interest expense	5,979	102	1,936	8,017
Departmental net loss before income tax	(21,320)	41,821	57,047	77,548
Segment assets	1,717,320	327,436	1,021,994	3,066,750
Segment liabilities	928,762	173,160	283,964	1,385,886

	January to September of 2020			
	Screw Department	Transportation Department	Environmental Department	Total
Net external revenue	$ 487,516	$ 514,383	$ 92,319	$ 1,094,218
Net external revenue	-	6,899	153	7,052
Interest income	351	11	5	367
Depreciation and Amortization	49,029	724	1,010	50,763
Interest expense	7,485	27	1,056	8,568
Departmental net loss before income tax	(30,454)	8,253	(31,867)	(54,068)
Segment assets	1,370,947	149,186	353,207	1,873,340
Segment liabilities	1,081,191	92,567	212,154	1,385,912

(3) Reconciliation of Segment Profit and Loss, Assets and Liabilities

The external revenue reported to the chief operating decision maker is measured in a manner consistent with the revenue in the consolidated statement of income, and the segment profit or loss, total assets and total liabilities provided to the chief operating decision maker are measured in a manner consistent with the Group's consolidated financial statements; therefore, no reconciliation is required.

OFCO Industrial Corp. and subsidiaries

Financing provided to others

January 1 to September 30, 2021

Table 1

Unit: NT$ thousand

Serial No.	Lender	Borrower	Business relationship	Whether it is a related party	Maximum balance	Ending balance	Transaction Amounts	Interest Rate	Nature of financing provided (Note 1)	Business Transaction Amounts	Reason for the necessity of short-term financing	Amount of recognized impairment loss	Collateral Name	Collateral Value	Lending of funds to individual entities and limit of financing (Note 2)	Total limit of financing (Note 3)	Remarks
0	OFCO Industrial Corp.	Yung Fu Co.,Ltd.	-	Y	$ 45,000	$ 45,000	$ -	-	2	$ -	Business development needs	$ -	-	$ -	$ 154,457	$ 308,915	-

(Note 1) The nature of the loan and the meaning of the code are described as follows:

1. For entities with business transaction relationships.
2. For necessary short-term financing needs.

(Note 2) The amount of funds loaned to another person/entity is subject to individual limits:

1. For companies or firms with which the Company has business dealings, the amount of individual loans shall not exceed the higher of the Company's purchase or sales amount in the most recent year or the current year as of the time of the loan.
2. For companies or firms with short-term financing needs, the amount of individual loans shall not exceed 10% of the Company's most recent audited or reviewed financial statements.

(Note 3) The Company's total loans and transactions and capital financing are each limited to no more than 20% of the Company's most recent audited or reviewed net value.

(Note 4) In accordance with the procedures for lending funds to others, the Board of Directors shall approve and report to the shareholders' meeting for review.

OFCO Industrial Corp. and subsidiaries

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to Table III.

September 30, 2021

Table 2 Unit: NT$ thousand

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Item	December 31, 2020 Shares (thousands)	Carrying amount	Percentage of shareholdings	Fair value	Remarks
OFCO Industrial Corp.	Stocks:							
	Taiwan Styrene Monomer Corporation	-	Financial assets at fair value through other comprehensive income or loss - current	2,273	$ 45,915	—	$ 45,915	—
	D-Link Corporation	-	Financial assets at fair value through other comprehensive income or loss - current	2,049	38,419	—	38,419	—
	Jia Jie Biomedical Co.,Ltd.	-	Financial assets at fair value through other comprehensive income or loss - current	1,244	16,109	—	16,109	—
	Chun Yu Group	-	Financial assets at FVTPL - Current	390	11,778	—	11,778	—
	Fund							
	Berry ESG Quantitative Global Equity Income Fund				4,229	-	4,229	-
	Funds:							
Yung Fu Co.,Ltd.	Amundi TW - Global High Yield Bond Fund	-	Financial assets at FVTPL - Current	—	12,090	—	12,090	—

OFCO Industrial Corp. and subsidiaries

Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital

January 1 to September 30, 2021

Table 3 Unit: NT$ thousand

					Opening balance		Buy		Sell				Other increase (decrease)		December 31, 2020	
Company that buys or sells	Type and Name of Marketable Securities	Item	Counterparty	Relationship	Number of shares (thousand shares or thousand units)	Amount	Number of shares (thousand shares or thousand units)	Amount	Number of shares (thousand shares or thousand units)	Selling Price	Book Cost	Gains and Losses from Disposal	Number of shares (thousand shares or thousand units)	Amount	Shares	Amount
	Stock:															
OFCO Industrial Corp.	Yung Fu Co.,Ltd.	Investments accounted for under the equity method	(Note)	_	24,751	$ 192,331	27,730	$ 277,301	-	$ -	$ -	$ -	(4,950)	$117,610	47,531	$ 587,242

(Note) Cash capital increase subscription.

OFCO Industrial Corp. and subsidiaries

Related party transactions for purchases and sales amounts exceeding the lower of $100 million or 20 percent of capital stock

January 1 to September 30, 2021

Table 4

Unit: NT$ thousand

			Transactions			Details of non-arm's length transaction		Notes and accounts receivable (payable)		
pany Name	Related Party	Relationship	Purchases (Sales)	Amount	Percentage of total Amount purchase (Sales)	Term	Unit pricr	Term	Balance	Percentage of total receivables (payable)	Note
Ofco Industrial Corp.	Chun Yu Group	Other related parties	Purchase	$ 365,493	75%	—	—	(Note)	($ 107,002)	(29%)	—
TSG Transport Corp	GMTC Gloria Material Technology Corp.	Other related parties	Sales	(355,225)	(24%)	—	—	(Note)	85,729	14%	—

(Note1)Please see footnote 7：Related party transaction

OFCO Industrial Corp. and subsidiaries
Significant inter-company transactions during the reporting periods

January 1 to September 30, 2021

Table 5

Unit: NT$ thousand

Code (Note 1)	Transaction Company	Counterparty	Relationship with the counter-party (Note 2)	Transaction				Remarks
				Item	Amount	Transaction Terms	Percentage of consolidated total operating revenues or total assets (Note 3)	
1	TSG Transport Corp.	OFCO Industrial Corp.	2	Sales	$ 19,088	Credit terms: 40 days	1	
				Accounts receivable	4,808	-	—	

(Note 1) Information on business transactions between the parent company and subsidiaries should be indicated in the numbered column respectively, and the numbers should be filled in as follows

1. The parent company should fill in 0.
2. Subsidiaries are numbered by company, starting from the Arabic numeral 1.

(Note 2) There are three types of relationships with the counter-parties, and the types can be indicated as follows

1. Parent company to subsidiary company.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.

(Note 3) The ratio of transaction amount to consolidated total revenue or total assets is calculated as the ending balance to consolidated total assets in the case of assets and liabilities and as the cumulative amount to consolidated total revenue in the case of profit or loss.

OFCO Industrial Corp. and subsidiaries

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

January 1 to September 30, 2021

Table 6 | Unit: NT$ thousand

Investor	Investor Company	Location	Main Businesses and Products	Investment Amount: End of the current period	Investment Amount: End of Last Year	Shares held at year end: Shares (share)	Shares held at year end: Ratio (%)	Shares held at year end: Carrying amount	(Loss) income of investees for the period	(Gain) loss on investment recognized in the period	Remarks
OFCO Industrial Corp.	TSG Transport Corp.	Taiwan	Container rental, transportation and packing services	$ 110,000	$ 50,000	12,000,000	100%	$ 159,034	$ 33,802	$ 33,802	Subsidiary
OFCO Industrial Corp.	TSG Environmental Technology Corp.	Taiwan	Recycling of materials, waste disposal services, etc.	10,000	10,000	1,000,000	100%	14,548	1,556	1,556	Subsidiary
OFCO Industrial Corp.	Yung Fu Co.,Ltd.	Taiwan	Commissioned operation and management of waste and business waste incineration plants and planning, design and turnkey services for small and medium-sized incinerator projects	427,301	150,000	47,530,588	79.22%	587,242	31,605	31,761	Subsidiary
Yung Fu Co.,Ltd.	TSG Power Corp.	Taiwan	Energy technology services	100,000	20,000	10,000,000	100%	83,343	1.027	-	Subsidiary (Note)

(Note) The amount of investment income (loss) recognized in the current period is exempt from disclosure.

OFCO Industrial Corp. and subsidiaries

Information on main investors

September 30, 2021

Table 7 Unit: Shares

Name of major shareholder	Number of shares held	Percentage of shareholdings	Remarks
Taiwan Steel Group	18,423,385	24.23%	(Note 2)

(Note 1) The information of major shareholders in this table is based on the last business day at the end of each quarter, and the information of shareholders holding at least 5% of the total common shares and preferred shares of the Company that have been delivered without physical registration (including treasury shares).

The share capital recorded in the Company's financial statements and the Company's actual number of shares delivered with dematerialized registration completed may be different due to different calculation bases.

(Note 2) The basis for calculating the percentage of shareholding includes the number of shares of the bond conversion certificates.