

Stock Code:3563

**MACHVISION INC. CO., LTD.  
AND SUBSIDIARIES**

**Consolidated Financial Statements**

**With Independent Auditors' Review Report  
For the Six Months Ended June 30, 2021 and 2021**

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The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

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## Independent Auditors' Review Report

To the Board of Directors of Machvision Inc. Co., Ltd.:

### Introduction

We have reviewed the accompanying consolidated balance sheets of Machvision Inc. Co., Ltd. and its subsidiaries as of June 30, 2021 and 2020, the related consolidated statements of comprehensive income for the three months ended June 30, 2021 and 2020, and for the six months ended June 30, 2021 and 2020, and the related consolidated statements of changes in equity and cash flows for the six months ended June 30, 2021 and 2020, and notes to the consolidated financial statements (including a summary of significant accounting policies). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission, R.O.C. Our responsibility is to express a conclusion on the consolidated financial statements base on our review.

### Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, the review is conducted in accordance with Statement of Auditing Standard 65, "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of the consolidated financial statements consists of making inquiries (primarily of persons responsible for financial and accounting matters), and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with 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. Therefore, we do not express an audit opinion.

### Basis for Qualified Conclusion

As mentioned in note 4 (b) the non-significant subsidiaries of the consolidated financial reports were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors; the total amount of assets was \$585,666 thousand and \$660,122 thousand respectively, accounting for 14% and 16% of the total consolidated assets respectively; the total liabilities were \$77,357 thousand and \$68,648 thousand respectively, accounting for 5% and 4% of the total consolidated liabilities; the consolidated profits and losses for the three months and the six months ended June 30, 2021 and 2020, were \$(15,663) thousand, \$(17,708) thousand, \$(39,390) thousand, and \$(23,524) thousand respectively, accounting for (8)%, (9)%, (10)%, and (5)% of the consolidated profit and loss respectively.

### Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our review report, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Machvision Inc. Co., Ltd. and its subsidiaries as of June 30, 2021 and 2020, and of its consolidated financial performance for the three months ended June 30, 2021 and 2020, and for the six months ended June 30, 2021 and 2020, and its consolidated cash flows for the six months ended June 30, 2021 and 2020 in line with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting", as endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Po-Shu Huang and Chung Shun Wu.

KPMG

Taipei, Taiwan (Republic of China)

Aug 3, 2021

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
Reviewed only, not audited in accordance with the generally accepted auditing standards as of June 30, 2021 and 2020

**MACHVISION INC. CO., LTD. AND SUBSIDIARIES**

**Consolidated Balance Sheets**

**June 30, 2021 December 31, 2020 and June 30, 2020**

(Expressed in Thousands of New Taiwan Dollars)

Assets	June 30, 2021		December 31, 2020		June 30, 2020		Liabilities and Equity	June 30, 2021		December 31, 2020		June 30, 2020	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
<b>Current assets:</b>							<b>Current liabilities:</b>						
1100 Cash and cash equivalents (Note 6(a))	\$ 1,723,766	41	1,616,607	44	1,665,772	41	2130 Current contract liabilities (Note 6(p))	\$ 37,314	1	31,885	1	18,641	-
1151 Notes receivable (Note 6(b) and (p))	25,752	1	15,284	-	15,155	-	2150 Notes payable	5,849	-	216	-	377	-
1170 Accounts receivable, net (Note 6(b) and (p))	1,398,186	33	1,110,321	30			2170 Accounts payable	301,799	7	245,897	7	266,429	8
130x Inventories (Note 6(c))	372,051	9	363,424	10	1,392,040	34	2209 Other payables (Note 6(q))	332,070	9	319,164	9	385,542	9
1410 Prepayments	9,124	-	7,243	-	371,904	9	2216 Dividend payable (Note 6(n))	402,554	10	-	-	447,282	11
1479 Other current assets	8,909	-	10,524	-	28,211	1	2230 Current tax liabilities	99,879	2	171,660	5	107,231	3
<b>Total current assets</b>	<b>3,537,788</b>	<b>84</b>	<b>3,123,403</b>	<b>84</b>	<b>3,489,606</b>	<b>85</b>	2250 Provisions – current (Note 6(j))	14,730	-	13,442	-	12,875	-
<b>Non-current assets:</b>							2280 Lease Liabilities – current (Note 6(i))	15,983	-	12,039	-	11,721	-
1510 Financial assets at fair value through profit or loss—Non current (Note 6(e))	10,744	-	10,744	-	10,744	-	2313 Deferred revenue (Note 6(k))	1,048	-	1,038	-	1,058	-
1600 Property, plant and equipment (Note 6(f))	263,188	6	271,280	7	268,702	7	2322 Current portion of long-term borrowings (Note 6(k))	24,167	1	16,875	-	5,625	-
1755 Right-of-use assets (Note 6(g))	164,173	4	77,013	2	79,483	2	2399 Other current liabilities	12,516	-	9,682	-	12,432	-
1780 Intangible assets (Note 6(h))	28	-	83	-	8,843	-	<b>Total current liabilities</b>	<b>1,247,909</b>	<b>30</b>	<b>821,898</b>	<b>22</b>	<b>1,269,213</b>	<b>31</b>
1840 Deferred income tax assets	57,564	1	57,564	2	37,460	1	<b>Non-Current liabilities:</b>						
1920 Refundable deposits	10,499	-	11,872	1	10,886	-	2540 Long-term borrowings (Note 6(k))	187,235	4	199,535	5	210,257	5
1932 Long-term receivables (Note 6(b) and (p))	144,294	4	141,032	4	181,718	5	2580 Lease liabilities – Non-current (Note 6(i))	149,756	4	66,286	2	68,912	2
1995 Other non-current assets (Note 8)	21,822	1	16,296	-	8,987	-	2630 Long-term deferred revenue (Note 6(k))	1,925	-	2,552	-	3,060	-
<b>Total non-current assets</b>	<b>672,312</b>	<b>16</b>	<b>585,884</b>	<b>16</b>	<b>606,823</b>	<b>15</b>	2640 Net defined benefit liabilities – Non-current	11,286	-	11,286	-	10,429	-
							<b>Total non-current liabilities</b>	<b>350,202</b>	<b>8</b>	<b>279,659</b>	<b>7</b>	<b>292,658</b>	<b>7</b>
							<b>Total liabilities</b>	<b>1,598,111</b>	<b>38</b>	<b>1,101,557</b>	<b>29</b>	<b>1,561,871</b>	<b>38</b>
							<b>Equity attributable to shareholders of the Company (Note 6(n)):</b>						
							3100 Share capital	447,282	11	447,282	12	447,282	11
							Capital surplus:						
							3211 Additional paid-in capital arising from ordinary share	165,731	4	568,285	15	568,285	14
							3235 Number of changes in recognition of ownership rights and interests of subsidiaries	-	-	-	-	-	-
							3280 Capital surplus, Others	28	-	23	-	23	-
								165,763	4	568,312	15	568,312	14
							Retained earnings:						
							3310 Legal reserve	438,263	10	438,263	12	395,088	9
							3320 Special reserve	-	-	3,791	-	4,543	-
							3350 Unappropriated retained earnings	1,468,552	35	1,064,573	29	1,013,682	25
								1,910,606	45	1,506,627	41	1,413,313	34
							Other equity interest:						
							3410 Exchange differences on translation of foreign financial statements	(3,694)	-	(3,514)	-	(3,791)	-
							<b>Equity attributable to the parent Company</b>	<b>2,519,957</b>	<b>60</b>	<b>2,518,707</b>	<b>68</b>	<b>2,425,116</b>	<b>59</b>
							36xx Non-controlling interests	92,032	2	89,023	3	109,442	3
							<b>Total Equity</b>	<b>2,611,989</b>	<b>62</b>	<b>2,607,730</b>	<b>71</b>	<b>2,534,558</b>	<b>62</b>
							<b>Total liabilities and equity</b>	<b>\$4,210,100</b>	<b>100</b>	<b>3,709,287</b>	<b>100</b>	<b>\$4,096,429</b>	<b>100</b>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
Reviewed only, not audited in accordance with the generally accepted auditing standards

**MACHVISION INC. CO., LTD. AND SUBSIDIARIES**

Consolidated Statements of Comprehensive Income

For the three months and six months ended June 30, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars, Except for Earning Per Common Share)

	For the three months ended June 30				For the six months ended June 30				
	2021		2020		2021		2020		
	Amount	%	Amount	%	Amount	%	Amount	%	
4000	<b>Operating revenue (Note 6(p))</b>								
	\$	715,360	100	677,118	100	1,403,993	100	1,363,349	100
5000	<b>Operating costs (Notes 6(c), 6(f), 6(g), 6(i), 6(l), 6(q) and 7)</b>								
		285,291	40	220,726	33	537,330	38	462,232	34
5900	<b>Gross profit</b>								
		430,069	60	456,392	67	866,663	62	901,117	66
6000	<b>Operating expenses (Notes 6(b), 6(f), 6(g), 6(i), 6(l), 6(q) and 7)</b>								
6100	Selling expenses	65,683	9	62,292	9	128,719	9	138,219	10
6200	Administrative expenses	28,032	4	25,524	4	55,456	4	54,997	4
6300	Research and development expenses	61,589	9	63,628	9	138,695	10	111,329	8
6450	Expected credit impairment loss (gain)	475	-	18,281	3	1,350	-	32,047	2
	<b>Total operating expenses</b>	<b>155,779</b>	<b>22</b>	<b>169,725</b>	<b>25</b>	<b>324,220</b>	<b>23</b>	<b>336,592</b>	<b>24</b>
	<b>Net operating income</b>	<b>274,290</b>	<b>38</b>	<b>286,667</b>	<b>42</b>	<b>542,443</b>	<b>39</b>	<b>564,525</b>	<b>42</b>
7000	<b>Non-operating income and expenses (Notes 6(d), 6(i) and 6(r))</b>								
7100	Interest income	784	-	602	-	1,365	-	1,425	-
7010	Other income	1,546	-	893	-	2,427	-	1,147	-
7020	Other gains and losses	(31,040)	(4)	(32,115)	(4)	(34,670)	(3)	(27,360)	(2)
7050	Finance costs	(1,022)	-	(584)	-	(1,836)	-	(932)	-
	<b>Total non-operating income and expenses</b>	<b>(29,732)</b>	<b>(4)</b>	<b>(31,204)</b>	<b>(4)</b>	<b>(32,714)</b>	<b>(3)</b>	<b>(25,720)</b>	<b>(2)</b>
	<b>Profit before income tax from continuing operations</b>	<b>244,558</b>	<b>34</b>	<b>255,463</b>	<b>38</b>	<b>509,729</b>	<b>36</b>	<b>538,805</b>	<b>40</b>
7950	<b>Less: Income tax expense (Note 6(m))</b>	<b>58,589</b>	<b>8</b>	<b>49,154</b>	<b>7</b>	<b>110,638</b>	<b>8</b>	<b>104,826</b>	<b>8</b>
	<b>Net Profit for The Period from operations</b>	<b>185,969</b>	<b>26</b>	<b>206,309</b>	<b>31</b>	<b>399,091</b>	<b>28</b>	<b>433,979</b>	<b>32</b>
8300	<b>Other Comprehensive Income (Loss):</b>								
8360	<b>Items that may be reclassified subsequently to profit or loss</b>								
8361	Exchange Differences on Translation of Foreign Financial Statements	1	-	(46)	-	(188)	-	(785)	-
8399	Income tax relating to items that may be reclassified subsequently to profit or loss	-	-	-	-	-	-	-	-
		1	-	(46)	-	(188)	-	(785)	-
8300	<b>Other comprehensive income (loss) for the period</b>	<b>1</b>	<b>-</b>	<b>(46)</b>	<b>-</b>	<b>(188)</b>	<b>-</b>	<b>(785)</b>	<b>-</b>
	<b>Total comprehensive income for the period</b>	<b>\$ 185,970</b>	<b>26</b>	<b>206,263</b>	<b>31</b>	<b>398,903</b>	<b>28</b>	<b>433,194</b>	<b>32</b>
	<b>Net income attribute to:</b>								
	Owners of the parent company	\$ 188,941	26	205,971	31	403,979	28	431,746	32
8620	Non-controlling interests	(2,972)	-	338	-	(4,888)	-	2,233	-
		<b>\$ 185,969</b>	<b>26</b>	<b>206,309</b>	<b>31</b>	<b>399,091</b>	<b>28</b>	<b>433,979</b>	<b>32</b>
	<b>Total comprehensive income attributed to:</b>								
	Owners of the parent company	\$ 188,952	26	207,466	31	403,799	28	432,498	32
	Non-controlling interests	(2,982)	-	(1,203)	-	(4,896)	-	696	-
		<b>\$ 185,970</b>	<b>26</b>	<b>206,263</b>	<b>31</b>	<b>398,903</b>	<b>28</b>	<b>433,194</b>	<b>32</b>
9750	<b>Earnings Per Share (Note 6(o))</b>								
9710	Basic earning per shares (Units: New Taiwan dollars)	\$	<b>4.22</b>	<b>4.71</b>		<b>9.03</b>		<b>10.00</b>	
9810	Diluted earning per shares (Units: New Taiwan dollars)	\$	<b>4.21</b>	<b>4.70</b>		<b>8.99</b>		<b>9.96</b>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
Reviewed only, not audited in accordance with the generally accepted auditing standards

**MACHVISION INC. CO., LTD. AND SUBSIDIARIES**

**Consolidated Statements of Changes in Equity**

**For the six ended June 30, 2021 and 2020**

**(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent						Other equity Exchange differences on translation of foreign financial statements	Total equity attributable to owners of parent	Non-controlling interests	Total equity
			Retained earnings			Total				
	Share capital	Capital surplus	Legal reserve	Special reserve	Unappropriate earnings					
<b>Balance at January 1, 2020</b>	\$ 426,082	59,512	309,915	2,957	1,115,977	1,428,849	(4,543)	1,909,900	132,918	2,042,818
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	85,173	-	(85,173)	-	-	-	-	-
Special reserve appropriated	-	-	-	1,586	(1,586)	-	-	-	-	-
Cash dividends of common stock	-	-	-	-	(447,282)	(447,282)	-	(447,282)	-	(447,282)
Profit for the period	-	-	-	-	431,746	431,746	-	431,746	2,233	433,979
Other comprehensive income for the period	-	-	-	-	-	-	752	752	(1,537)	(785)
Total comprehensive income for the period	-	-	-	-	431,746	431,746	752	432,498	696	433,194
Issuance of ordinary shares for cash	21,200	508,800	-	-	-	-	-	530,000	-	530,000
Disposal of subsidiaries	-	-	-	-	-	-	-	-	(29,521)	(29,521)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	5,349	5,349
<b>Balance at June 30, 2020</b>	<b>\$ 447,282</b>	<b>568,312</b>	<b>395,088</b>	<b>4,543</b>	<b>1,013,682</b>	<b>1,413,313</b>	<b>(3,791)</b>	<b>2,425,116</b>	<b>109,442</b>	<b>2,534,558</b>
<b>Balance at January 1, 2021</b>	\$ 447,282	568,312	438,263	3,791	1,064,573	1,506,627	(3,514)	2,518,707	89,023	2,607,730
Cash dividends by Capital surplus	-	(402,554)	-	-	-	-	-	(402,554)	-	(402,554)
Other changes in capital surplus	-	5	-	-	-	-	-	5	-	5
Profit for the period	-	-	-	-	403,979	403,979	-	403,979	(4,888)	399,091
Other comprehensive income for the period	-	-	-	-	-	-	(180)	(180)	(8)	(188)
Total comprehensive income for the period	-	-	-	-	403,979	403,979	(180)	403,799	(4,896)	398,903
Changes in non-controlling interests	-	-	-	-	-	-	-	-	7,905	7,905
<b>Balance at June 30, 2021</b>	<b>\$ 447,282</b>	<b>165,763</b>	<b>438,263</b>	<b>3,791</b>	<b>1,468,552</b>	<b>1,910,606</b>	<b>(3,694)</b>	<b>2,519,957</b>	<b>92,032</b>	<b>2,611,989</b>

See accompanying notes to consolidated financial statements.

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**MACHVISION INC. CO., LTD. AND SUBSIDIARIES**

**Consolidated Statements of Cash Flows**  
**For the six months ended June 30, 2021 and 2020**

	For the six months ended June 30	
	2021	2020
<b>Cash flows from operating activities</b>		
<b>Profit before tax</b>	\$ 509,729	538,805
<b>Adjustments:</b>		
Adjustments to reconcile profit:		
Depreciation expense	18,570	16,545
Amortization expense	55	55
Expected credit impairment loss(gain)	1,350	32,047
Interest expense	1,836	932
Interest income	(1,365)	(1,425)
Dividend income	(171)	(170)
Loss on disposal of property, plant and equipment	26	6
Loss on investment	-	2,254
Resulting gain from lease modification	(20)	(380)
Total adjustments to reconcile profit	<u>20,281</u>	<u>49,864</u>
Changes in operating assets and liabilities		
Changes in operating assets, net		
Notes receivable	(10,468)	(1,446)
Accounts receivable(including Long-term accounts receivable)	(292,484)	(255,041)
Inventories	(8,582)	1,818
Prepayments	(1,881)	(8,965)
Other current assets	<u>1,615</u>	<u>(4,841)</u>
Total changes in operating assets, net	<u>(311,800)</u>	<u>(268,475)</u>
Changes in operating liabilities, net		
Contract liabilities	5,429	16,255
Notes payable	5,633	(616)
Accounts payable	56,266	(95,446)
Other payables	12,906	(32,918)
Provisions liabilities	1,288	750
Other current liabilities	<u>2,834</u>	<u>(1,900)</u>
Total changes in operating liabilities, net	<u>84,356</u>	<u>(113,875)</u>
Total changes in operating assets and liabilities, net	<u>(227,444)</u>	<u>(382,350)</u>
Total adjustments	<u>(207,163)</u>	<u>(332,486)</u>
Cash inflows generated from operations	302,566	206,319
Interest received	1,372	1,258
Income taxes paid	<u>(182,419)</u>	<u>(30,736)</u>
Net cash flow from operating activities	<u>121,519</u>	<u>176,841</u>
<b>Cash flow used in investing activities</b>		
Acquisition of financial assets at fair value through profit or loss	-	(1,100)
Disposal of subsidiaries	-	8,939
Acquisition of property, plant and equipment	(5,030)	(14,175)
Decrease (increase) in guarantee deposits paid	1,373	5,750
Increase in other non-current assets	(5,526)	(1,186)
Dividends received	<u>171</u>	<u>170</u>
Net cash flows used in investing activities	<u>(9,012)</u>	<u>(1,602)</u>
<b>Cash flows from financing activities</b>		
Proceeds from long-term borrowings	-	220,000
Repayment of long-term borrowings	(5,625)	-
Payment of lease liabilities	(5,117)	(4,650)
Issuance of ordinary shares for cash	-	530,000
Interest paid	(2,394)	(2,307)
Changes in non controlling interests	7,905	5,349
Surplus not paid due to overdue	<u>5</u>	<u>-</u>
Net cash flows used in financing activities	<u>(5,226)</u>	<u>748,392</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<u>(122)</u>	<u>242</u>
<b>Increase in cash and cash equivalents for the period</b>	107,159	923,873
<b>Cash and cash equivalents at the beginning of the period</b>	<u>1,616,607</u>	<u>741,899</u>
<b>Cash and cash equivalents at the end of the period</b>	<u>\$ 1,723,766</u>	<u>1,665,772</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
 Reviewed only, not audited in accordance with the generally accepted auditing standards

**MACHVISION INC. CO., LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**  
**For the six months ended June 30, 2021 and 2020**  
**(Expressed in Thousands of New Taiwan Dollars)**

**(1) History and organization**

MACHVISION INC. CO., LTD. (the Company) was incorporated in June 9, 1998 as a company limited by shares under the laws of (ROC). The address of the Company's registered office is No. 2-3, Gongye East 2nd Road, Hsinchu Science Park, Hsinchu 30075, Taiwan, R.O.C. The consolidated entities in the consolidated financial statements dated June 30, 2021 include the Company and its subsidiaries (the Group). The Group is mainly engaged in the manufacturing and trading of optical inspection machinery equipment.

**(2) Approval date and procedures of the consolidated financial statements**

The consolidated financial statements were approved by the Board of Directors and published on Aug 3, 2021.

**(3) New standards, amendments and interpretations adopted:**

- (a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2021:

- Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform – Phase 2"

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from April 1, 2021:

- Amendments to IFRS 16 "Covid-19-Related Rent Concessions beyond 30 June 2021"

- (b) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2022, would not have a significant impact on its consolidated financial statement:

- Amendments to IAS 16 "Property, Plant and Equipment – Proceeds before Intended Use"
- Amendments to IAS 37 "Onerous Contract – Cost of Fulfilling a Contract"
- Annual Improvements to IFRS Standards 2018 – 2020
- Amendments to IAS 3 "Reference to the Conceptual Framework"

(Continued)



- (c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

<b>Standards or Interpretations</b>	<b>Content of amendment</b>	<b>Effective date per IASB</b>
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements.

#### (4) Summary of significant accounting policies

Except as described below, the summary statement of the significant accounting policies for this consolidated financial report is the same as the consolidated financial report for 2020, please refer to the related information 2020 Consolidated Financial Statements Note 4.

- (a) Statement of compliance

This consolidated financial report is prepared in line with the guidelines for the preparation of financial reports of issuers of securities (hereinafter referred to as "The Preparation of Guidelines") and the International Accounting Standards 34, about "Interim Financial Reports", which are approved and issued in force by the FSC. This consolidated financial report does not include all the necessary information to be disclosed in the entire annual consolidated financial report prepared in accordance with the international Financial Reporting Standards, International Accounting Standards, Interpretation and Interpretation notices (hereinafter referred to as the "International Financial Reporting Standards approved by the FSC"), which are approved and issued in force by the FSC.

- (b) Basis of consolidation

- (i) Principles of preparation of consolidated financial statements

The consolidated financial statements comprise the Company and its subsidiaries. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(Continued)

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

(ii) List of subsidiaries included in the consolidated financial statements

The subsidiaries included in the consolidated financial statements are as follows:

Investor	Subsidiary	Nature of business	Percentage of ownership			Notes
			June 30, 2021	December 31, 2020	June 30, 2020	
The Company	Machvision Inc. (Samoa)	Investment	100.00%	100.00%	100.00%	
The Company	Autovision Technology Inc.	Manufacturing of computer peripheral products	45.00%	45.00%	45.00%	1
The Company	Sigold Optics Inc.	Manufacturing of machinery equipment	49.47%	49.47%	49.47%	2
The Company	ChipAI Co., LTD.	Manufacturing of computer peripheral products	90.00%	90.00%	90.00%	
The Company	RedPay Co., Ltd.	Manufacturing of computer peripheral products	-	50.00%	50.00%	
The Company	MiM Tech. Inc.	Manufacturing of computer peripheral products	-	-	40.98%	3
The Company	Machvision Korea Co., Ltd.	Maintaining and trading of machinery equipment	100.00%	100.00%	100.00%	
The Company	Machvision Holding (Samoa) Limited	Investment	-	-	100.00%	4
The Company	Avountes Inc.	Electronic Information Supply Services	45.00%	40.00%	-	5&6
Machvision Inc. (Samoa)	Machvision (Dongguan) Inc.	Maintaining and trading of machinery equipment	100.00%	100.00%	100.00%	
Machvision (Dongguan) Inc.	Dongguan muxin intelligent equipment Co., Ltd.	Maintaining and trading of machinery equipment	51.00%	51.00%	51.00%	
Sigold Optics Inc.	SISSCA Co.,Ltd.	Manufacturing of computer peripheral products	70.00%	70.00%	70.00%	

Note 1: The Company holds 45% of the ownership of Autovision Technology Inc. However, it remains to be a subsidiary since the Company retains control of its financial and operational policy decision.

Note 2: The Company holds 49.47% of the ownership of Sigold Optics Inc. However, it remains to be a subsidiary since the Company retains control of its financial and operational policy decision.

Note 3: The Company has disposed all the shares of its subsidiary in December 2020.

Note 4: The subsidiary was liquidated in September 2020.

Note 5: The Company holds 45% of the ownership of Avountes Inc. However, it remains to be a subsidiary since the Company retains control of its financial and operational policy decision.

Note 6: Integrating the Group's resources, lowering costs and improving work efficiency. RedPay has been merged by Avountes in stock swap way. Avountes will generally assume all rights and obligations of RedPay. The merger record date is March 5, 2021 and the registration has been changed on April 15, 2021.

Note 7: The subsidiaries are not significant subsidiaries, their financial statements have not been reviewed.

(Continued)

(c) Employee benefits

In the interim, the benefit scheme pension department uses the previous year's reporting date to determine the pension cost rate on an actuarial basis, based on the end of the reclassified period at the beginning of the year, and to adjust for major market fluctuations, major downsizing, liquidation or other major one-off matters.

(d) Income tax

The Group is measured and exposed for income tax expenses during the interim period in line with the paragraph B12 of interim financial report of the International Accounting Standards bulletin No. 34.

The income tax fee is in order to multiply the pre-tax net profit by the management during the reporting period by the best estimated street volume of the expected effective tax rate for the whole year, and is fully recognized as the current income tax fee.

The income tax fee, which is directly recognized as an equity item or other consolidated profit and loss item, is a temporary difference between the carrying amount of the relevant assets and liabilities for the purpose of reporting and its tax base, which is measured by the applicable tax rate at the time of expected realization or liquidation.

**(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty**

Management shall, in accordance with the preparation criteria and the interim financial report of IAS34 as approved by the FSC, make judgments, estimates and assumptions in the preparation of the consolidated financial reports, which will have an impact on the adoption of accounting policies and the amount of assets, liabilities, benefits and expenses reported. Actual results may differ from estimates.

In the preparation of consolidated financial reports, the management adopts the uncertainty of significant judgment and estimation of the consolidation of corporate accounting policies, the main source of which is consistent with the consolidated Financial Report Note 5 of 2020.

**(6) Explanation of significant accounts****(a) Cash and cash equivalents**

	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
Cash on hand	\$ 1,617	2,122	991
Saving deposits	1,315,243	1,124,370	814,427
Checking deposits	5,501	-	-
Foreign currency deposits	83,083	109,792	494,595
Time deposits	318,322	380,323	355,759
Cash and cash equivalents per statements of cash flow	<b><u>\$ 1,723,766</u></b>	<b><u>1,616,607</u></b>	<b><u>1,665,772</u></b>

The expiry date of three months to a year on deposit satisfy the highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes.

Please refer to note 6(s) for the interest rate risk and the fair value sensitivity analysis of the financial assets and liabilities of the Group.

**(b) Notes, accounts and long-term accounts receivable**

	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
Notes receivable	\$ 25,752	15,284	15,155
Accounts receivable	1,471,937	1,182,762	1,431,303
Long-term accounts receivable	144,542	141,273	182,019
Less: allowance for impairment	73,751	72,441	39,263
unrealized interest income	248	241	301
	<b><u>\$ 1,568,232</u></b>	<b><u>1,266,637</u></b>	<b><u>1,588,913</u></b>

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected credit loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward-looking information, including macroeconomic and relevant industry information. The expected credit losses were determined as follows:

	<b>June 30, 2021</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average expected credit loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 1,326,443	0.0055%	73
1 to 90 days past due	147,633	0.4169%	616
91 to 180 days past due	43,307	1.6946%	734
181 to 270 days past due	37,617	6.1417%	2,310
271 to 365 days past due	28,884	41.2637%	11,919
Past due over 365 days	58,099	100.000%	58,099
	<b><u>\$ 1,641,983</u></b>		<b><u>73,751</u></b>

	<b>December 31, 2020</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average expected credit loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 1,041,816	0.0022%	23
1 to 90 days past due	134,448	0.3475%	467
91 to 180 days past due	59,927	1.0536%	632
181 to 270 days past due	30,213	8.4800%	2,562
271 to 365 days past due	7,497	47.7466%	3,580
Past due over 365 days	65,177	100.000%	65,177
	<b><u>\$ 1,339,078</u></b>		<b><u>72,441</u></b>

	<b>June 30, 2020</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average expected credit loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 1,323,572	0.0000%	-
1 to 90 days past due	153,124	0.2740%	420
91 to 180 days past due	39,007	1.9919%	777
181 to 270 days past due	43,706	5.8451%	2,554
271 to 365 days past due	62,260	46.5870%	29,005
Past due over 365 days	6,507	100.000%	6,507
	<b><u>\$ 1,628,176</u></b>		<b><u>39,263</u></b>

The movement in the allowance for accounts receivable was as follows:

	<u>For the six months ended June 30</u>	
	<u>2021</u>	<u>2020</u>
Balance at January 1	\$ 72,441	7,421
Impairment losses recognized	1,350	32,047
Amounts written off	-	(85)
Foreign exchange (losses) / gains	<u>(40)</u>	<u>(120)</u>
Balance at June 30	<u><b>\$ 73,751</b></u>	<u><b>39,263</b></u>

The aforementioned notes and accounts receivables of the Group had not been pledged as collateral.

The carrying amounts of notes and accounts receivable with short maturity are not discounted under the assumption that the carrying amount approximates the fair value.

(c) Inventories

The components of the Group's inventories were as follows:

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Merchandise and finished goods	\$ 58,670	69,251	86,317
Work in process	83,128	80,913	70,516
Raw material	<u>230,253</u>	<u>213,260</u>	<u>215,071</u>
	<u><b>\$ 372,051</b></u>	<u><b>363,424</b></u>	<u><b>371,904</b></u>

The Group inventories were not provided as pledged assets.

Except for operating costs arising from the ordinary sale of inventories, other gains and losses directly recorded under operating cost were as follows:

	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Losses on decline in market value and write-down of inventory	<u><b>\$ 4,474</b></u>	<u><b>(495)</b></u>	<u><b>11,366</b></u>	<u><b>4,304</b></u>

## (d) Disposal of subsidiaries

## 1) Disposal of the shares of Machvision Holding (Samoa) and Guandong Greatsense Intelligent Equipment Co., Ltd.

On December 25, 2019, the Board of Directors of the Company had decided to dispose the entire 51% shares of Guandong Greatsense Intelligent Equipment Co., Ltd. held by Machvision Holding (Samoa) Limited for RMB6,600 thousand. The related equity transfer procedures had been completed on January 7, 2020. The receivables arising from the foregoing transactions have been collected, resulting in the investment loss on disposal of \$2,254 thousand, recognized as other gains and losses.

The details of the book amount of assets and liabilities of Guandong Greatsense Intelligent Equipment Co., Ltd. on the disposition date are as follows:

Cash and cash equivalents	\$	19,157
Accounts receivable		61,963
Inventory		7,947
Prepayments and other current assets		5,155
Property, plant and equipment		2,066
Right-of-use assets		6,140
Refundable deposits		1,171
Current contract liabilities		(11,208)
Accounts payable		(19,592)
Other payables		(1,640)
Lease liabilities		(6,230)
Other current liabilities		(4,682)
		<u>\$ 60,247</u>

As a result of the abovementioned transactions, the Company liquidated Machvision Holding (Samoa) Limited in September 2020, resulting in the investment loss on disposal of \$2,053 thousand, recognized as other gains and losses.

## 2) Disposal of the shares of MiM Tech. Inc.

On December 28, 2020, the Board of Directors of the Company had decided to dispose the entire 40.98% shares of MiM Tech. Inc. for \$10,574 thousand. The receivables arising from the foregoing transactions have been collected, resulting in the investment gain on disposal of \$227 thousand, recognized as other gains and losses.

The details of the book amount of assets and liabilities of MiM Tech. Inc. on the disposition date are as follows:

Cash and cash equivalents	\$	2,116
Accounts receivable		604
Inventory		1,689
Prepayments and other current assets		76
Right-of-use assets		754
Intangible assets		8,705
Refundable deposits		105
Other payables		(530)
Lease liabilities		(759)
Other current liabilities		(48)
	<b>\$</b>	<b><u>12,712</u></b>

## (e) Financial assets at fair value through profit or loss – non-current

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Mandatorily measured at fair value through profit or loss:			
Unlisted stocks (domestic)			
Yayatech Co., Ltd.	\$ 9,644	9,644	9,644
For Win Tech Co., Ltd.	1,100	1,100	1,100
	<b><u>\$ 10,744</u></b>	<b><u>10,744</u></b>	<b><u>10,744</u></b>



## (f) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group were as follows:

	Buildings and structures	Machinery and equipment	Other equipment	Construction in progress	Total
Cost:					
Balance as of January 1, 2021	\$ 305,182	6,265	27,032	834	339,313
Additions	165	502	4,252	111	5,030
Reclassification	141	-	(45)	(505)	(409)
Disposals	-	-	(189)	-	(189)
Effect of movement in exchange rates	(122)	(1)	(14)	-	(137)
Balance as of June 30, 2021	<b>\$ 305,366</b>	<b>6,766</b>	<b>31,036</b>	<b>440</b>	<b>343,608</b>
Balance as of January 1, 2020	\$ 266,183	4,250	19,364	27,995	317,792
Disposal of subsidiaries	-	-	(2,488)	-	(2,488)
Additions	1,841	1,117	3,193	8,024	14,175
Reclassification	12,774	-	-	(13,174)	(400)
Disposals	-	(495)	(201)	-	(696)
Effect of movement in exchange rates	(976)	(1)	(86)	-	(1,063)
Balance as of June 30, 2020	<b>\$ 279,822</b>	<b>4,871</b>	<b>19,782</b>	<b>22,845</b>	<b>327,320</b>
Depreciation and impairment losses:					
Balance as of January 1, 2021	\$ 57,416	1,778	8,839	-	68,033
Depreciation	8,987	745	2,885	-	12,617
Disposals	-	-	(163)	-	(163)
Effect of movement in exchange rates	(60)	(1)	(6)	-	(67)
Balance as of June 30, 2021	<b>\$ 66,343</b>	<b>2,522</b>	<b>11,555</b>	<b>-</b>	<b>80,420</b>
Balance as of January 1, 2020	\$ 42,653	1,318	5,906	-	49,877
Disposal of subsidiaries	-	-	(422)	-	(422)
Depreciation	8,173	365	1,723	-	10,261
Disposals	-	(495)	(195)	-	(690)
Effect of movement in exchange rates	(378)	-	(30)	-	(408)
Balance as of June 30, 2020	<b>\$ 50,448</b>	<b>1,188</b>	<b>6,982</b>	<b>-</b>	<b>58,618</b>
Carrying amounts:					
January 1, 2021	<b>\$ 247,766</b>	<b>4,487</b>	<b>18,193</b>	<b>834</b>	<b>271,280</b>
June 30, 2021	<b>\$ 239,023</b>	<b>4,244</b>	<b>19,481</b>	<b>440</b>	<b>263,188</b>
January 1, 2020	<b>\$ 223,530</b>	<b>2,932</b>	<b>13,458</b>	<b>27,995</b>	<b>267,915</b>
June 30, 2020	<b>\$ 229,374</b>	<b>3,683</b>	<b>12,800</b>	<b>22,845</b>	<b>268,702</b>

## (g) Right-of-use assets

The cost and depreciation of land, building and transportation equipment of the Group were as follows:

	<u>Land and buildings</u>	<u>Other equipment</u>	<u>Total</u>
Cost:			
Balance as of January 1, 2021	\$ 73,924	22,375	96,299
Additions	93,951	-	93,951
Lease modification	(476)	(1,575)	(2,051)
Effect of movement in exchange rates	(156)	(64)	(220)
Balance as of June 30, 2021	<b><u>\$ 167,243</u></b>	<b><u>20,736</u></b>	<b><u>187,979</u></b>
Balance as of January 1, 2020	\$ 104,356	15,253	119,609
Disposal of subsidiaries	(7,557)	-	(7,557)
Additions	2,415	4,482	6,897
Lease modification	(24,414)	(1,080)	(25,494)
Effect of movement in exchange rates	(160)	(80)	(240)
Balance as of June 30, 2020	<b><u>\$ 74,640</u></b>	<b><u>18,575</u></b>	<b><u>93,215</u></b>
Depreciation and impairment loss:			
Balance as of January 1, 2021	\$ 8,471	10,815	19,286
Depreciation	2,885	3,068	5,953
Lease modification	(483)	(854)	(1,337)
Effect of movement in exchange rates	(61)	(35)	(96)
Balance as of June 30, 2021	<b><u>\$ 10,812</u></b>	<b><u>12,994</u></b>	<b><u>23,806</u></b>
Balance as of January 1, 2020	\$ 5,269	5,395	10,664
Disposal of subsidiaries	(1,417)	-	(1,417)
Depreciation	3,009	3,275	6,284
Lease modification	(737)	(1,017)	(1,754)
Effect of movement in exchange rates	(26)	(19)	(45)
Balance as of June 30, 2020	<b><u>\$ 6,098</u></b>	<b><u>7,634</u></b>	<b><u>13,732</u></b>
Carrying amounts:			
January 1, 2021	<b><u>\$ 65,453</u></b>	<b><u>11,560</u></b>	<b><u>77,013</u></b>
June 30, 2021	<b><u>\$ 156,431</u></b>	<b><u>7,742</u></b>	<b><u>164,173</u></b>
January 1, 2020	<b><u>\$ 99,087</u></b>	<b><u>9,858</u></b>	<b><u>108,945</u></b>
June 30, 2020	<b><u>\$ 68,542</u></b>	<b><u>10,941</u></b>	<b><u>79,483</u></b>

## (h) Intangible assets

There were no significant additions, disposal or recognition and reversal of impairment losses of intangible assets for the six months ended June 30, 2021 and 2020. Information on amortization for the period is discussed in note 12(a). Please refer to note 6(h) of the 2020 annual consolidated financial statements for other related information.

## (i) Lease liabilities

The Group's lease liabilities were as follow:

	June 30, 2021	December 31, 2020	June 30, 2021
Current	<u>\$ 15,983</u>	<u>12,039</u>	<u>11,721</u>
Non-current	<u>\$ 149,756</u>	<u>66,286</u>	<u>68,912</u>

For the maturity analysis, please refer to note 6(s).

The amounts recognized in profit or losses were as follows.

	For the three months ended June 30		For the six months ended June 30	
	2021	2020	2021	2020
Interest on lease liabilities	<u>\$ 442</u>	<u>283</u>	<u>692</u>	<u>631</u>
Expenses relating to short-term leases	<u>\$ 1,812</u>	<u>1,051</u>	<u>4,798</u>	<u>2,161</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	<u>\$ 193</u>	<u>51</u>	<u>254</u>	<u>166</u>

The amounts recognized in the statement of cash flows for the Group was as follows:

	For the six months ended June 30	
	2021	2020
Total cash outflow for leases	<u>\$ 11,419</u>	<u>8,983</u>

## (j) Provisions

	June 30, 2021	December 31, 2020	June 30, 2020
Warranty	<u>\$ 14,730</u>	<u>13,442</u>	<u>12,875</u>

There were no significant changes in provisions of the Group for the six months ended June 30, 2021 and 2020, please refer to note 6 (j) of the consolidated financial report of 2020.

## (k) Long-term borrowings

The Company obtained government project loans in 2020. The credit lines amount is \$960,000 thousand. As of June 30, 2021, the operating working capital \$220,000 thousand has been borrowed with the loan recognized and measured by the market rate. The differences between the market rate and the actual rate will be recognized as deferred revenue according to the government grants.

<b>June 30, 2021</b>				
	<b>Currency</b>	<b>Interest rate</b>	<b>Due year</b>	<b>Amount</b>
Unsecured bank loans	NTD	1.05~1.1	2021-2027	\$ 214,375
Less: deferred revenue				<u>2,973</u>
				<u>\$ 211,402</u>
Current				\$ 24,167
Non-current				<u>187,235</u>
Total				<u>\$ 211,402</u>
<b>December 31, 2020</b>				
	<b>Currency</b>	<b>Interest rate</b>	<b>Due year</b>	<b>Amount</b>
Unsecured bank loans	NTD	1.1	2021-2027	\$ 220,000
Less: deferred revenue				<u>3,590</u>
				<u>\$ 216,410</u>
Current				\$ 16,875
Non-current				<u>199,535</u>
Total				<u>\$ 216,410</u>
<b>June 30, 2020</b>				
	<b>Currency</b>	<b>Interest rate</b>	<b>Due year</b>	<b>Amount</b>
Unsecured bank loans	NTD	1.1	2020-2027	\$ 220,000
Less: deferred revenue				<u>4,118</u>
				<u>\$ 215,882</u>
Current				\$ 5,625
Non-current				<u>210,257</u>
Total				<u>\$ 215,882</u>
	<b>June 30,</b>	<b>December 31,</b>	<b>June 30,</b>	
	<b>2021</b>	<b>2020</b>	<b>2020</b>	
Deferred income — Government grants:				
Current	\$ 1,048	1,038	1,058	
Non-current	<u>1,925</u>	<u>2,552</u>	<u>3,060</u>	
Total	<u>\$ 2,973</u>	<u>3,590</u>	<u>4,118</u>	

## (l) Employee benefits

## (ii) Defined benefit plans

Management believes that there was no material volatility of the market, no material reimbursement and settlement or other material one time events since prior fiscal year. As a result, the pension cost in the accompanying interim period was measured and disclosed according to the actuarial report as of December 31, 2020 and 2019.

The expenses recognized in profit or loss for the Group were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2021	2020	2021	2020
Operating cost	\$ 6	6	11	12
Operating expenses	9	9	20	18
Total	<u>\$ 15</u>	<u>15</u>	<u>31</u>	<u>30</u>

## (iii) Defined contribution plans

The Group's expenses under the pension plan cost to the Bureau of Labor Insurance were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2021	2020	2021	2020
Operating cost	\$ 1,549	878	2,942	2,351
Operating expenses	2,875	2,164	5,723	4,469
Total	<u>\$ 4,424</u>	<u>3,042</u>	<u>8,665</u>	<u>6,820</u>

## (m) Income tax

The income tax expense is estimated by the profit before tax in the interim financial period multiplied by the best estimated effective interest rate of the whole year of the management.

The Group's income tax expense is as follows:

	For the three months ended June 30		For the six months ended June 30	
	2021	2020	2021	2020
Current income tax expense				
Current tax expense recognized in the current period	\$ 48,809	52,078	100,858	107,750
Income tax adjustments on prior years	9,780	(2,924)	9,780	(2,924)
Income tax expense	<u>\$ 58,589</u>	<u>49,154</u>	<u>110,638</u>	<u>104,826</u>

The tax authorities have examined income tax returns of the Company through 2019.

## (n) Capital and other equity

Except for the following terms, there is no significant change in capital and other rights for the group for the six months ended June 30, 2021 and 2020. The relevant liability is referred to in note 6 (n) of the consolidated financial report of 2020.

## (ii) Ordinary shares

Dividends distributed by capital surplus please refer to the following retained earnings.

## (iii) Retained earnings

On July 20, 2021 and May 29, 2020, the shareholder's meetings resolved to distribute the 2018 and 2019 earnings. These earnings were appropriated as follows:

	<u>2020</u>	<u>2019</u>
Legal reserve	\$ 65,924	85,173
Special reserve	\$ (1,029)	1,586

Cash dividends distributed by capital surplus and earnings distribution were as follows:

	<u>For the six months ended June 30, 2020</u>	<u>For the six months ended December 31, 2020</u>	<u>Total</u>
Date resolved by Board of Directors	<u>July 31, 2020</u>	<u>February 3, 2021</u>	
Dividends distributed to common stockholders			
Cash-Retained earnings	\$ 134,185	-	134,185
Cash-Capital surplus	<u>-</u>	<u>402,554</u>	<u>402,554</u>
Total	<u>\$ 134,185</u>	<u>402,554</u>	<u>536,739</u>
Dividend rate	<u>\$ 3.00</u>	<u>9.00</u>	
		<u>2019</u>	
Date resolved by Board of Directors		<u>March 27, 2020</u>	
Dividends distributed to common stockholders			
Cash-Retained earnings		<u>\$ 447,282</u>	
Dividend rate		<u>\$ 10.00</u>	

## (o) Earnings per share

The calculation of the Company's basic and diluted earnings per is as follows:

## (i) Basic earnings per share

	For the three months ended June 30		For the six months ended June 30	
	2021	2020	2021	2020
Net income attributable to ordinary shareholders of the Company	<u>\$ 188,941</u>	<u>205,971</u>	<u>403,979</u>	<u>431,746</u>
Weighted average number of ordinary shares	<u>44,728</u>	<u>43,726</u>	<u>44,728</u>	<u>43,167</u>
Basic earnings per share (NTD)	<u>\$ 4.22</u>	<u>4.71</u>	<u>9.03</u>	<u>10.00</u>

## (ii) Diluted earnings per share

	For the three months ended June 30		For the six months ended June 30	
	2021	2020	2021	2020
Net income attributable to ordinary shareholders of the Company (diluted)	<u>\$ 188,941</u>	<u>205,971</u>	<u>403,979</u>	<u>431,746</u>
Weighted average number of ordinary shares (basic)	44,728	43,726	44,728	43,167
Effect of potential ordinary shares				
Employees' compensation	165	134	213	182
Weighted-average number of ordinary shares (diluted)	<u>44,893</u>	<u>43,860</u>	<u>44,941</u>	<u>43,349</u>
Diluted earnings per share (in NTD)	<u>\$ 4.21</u>	<u>4.70</u>	<u>8.99</u>	<u>9.96</u>

## (p) Revenue from Contracts with Customers

## (i) Disaggregation of revenue

	For the three months ended June 30, 2021		
	Taiwan	China	Total
Primary geographical markets:			
Taiwan	\$ 184,666	-	184,666
China	372,143	126,742	498,885
Others	31,809	-	31,809
	<u>\$ 588,618</u>	<u>126,742</u>	<u>715,360</u>
Primary merchandises/services lines:			
Sale of optical inspection machinery equipment	\$ 573,805	108,527	682,332
Revenue from services	14,813	18,215	33,028
	<u>\$ 588,618</u>	<u>126,742</u>	<u>715,360</u>

For the three months ended June 30, 2020			
	Taiwan	China	Total
Primary geographical markets:			
Taiwan	\$ 52,126	-	52,126
China	478,544	85,372	563,916
Others	61,076	-	61,076
	<b>\$ 591,746</b>	<b>85,372</b>	<b>677,118</b>

Primary merchandises/services lines:			
Sale of optical inspection machinery equipment	\$ 579,978	68,497	648,475
Revenue from services	11,768	16,875	28,643
	<b>\$ 591,746</b>	<b>85,372</b>	<b>677,118</b>

For the six months ended June 30, 2021			
	Taiwan	China	Total
Primary geographical markets:			
Taiwan	\$ 410,790	-	410,790
China	751,247	193,521	944,768
Others	48,435	-	48,435
	<b>\$ 1,210,472</b>	<b>193,521</b>	<b>1,403,993</b>

Primary merchandises/services lines:			
Sale of optical inspection machinery equipment	\$ 1,183,568	159,744	1,343,312
Revenue from services	26,904	33,777	60,681
	<b>\$ 1,210,472</b>	<b>193,521</b>	<b>1,403,993</b>

For the six months ended June 30, 2020			
	Taiwan	China	Total
Primary geographical markets:			
Taiwan	\$ 157,158	-	157,158
China	964,903	146,014	1,110,917
Others	95,274	-	95,274
	<b>\$ 1,217,335</b>	<b>146,014</b>	<b>1,363,349</b>

Primary merchandises/services lines:			
Sale of optical inspection machinery equipment	\$ 1,194,483	120,499	1,314,982
Revenue from services	22,852	25,515	48,367
	<b>\$ 1,217,335</b>	<b>146,014</b>	<b>1,363,349</b>

## (ii) Contract Balance

	June 30, 2021	December 31, 2020	June 30, 2020
Notes receivable	\$ 25,752	15,284	15,155
Accounts receivable	1,471,937	1,182,762	1,431,303
Long-term accounts receivable	144,294	141,032	181,718
Less: allowance loss	73,751	72,441	39,263
	<b>\$ 1,568,232</b>	<b>1,266,637</b>	<b>1,588,913</b>
Contract liabilities--advance receipts	<b>\$ 37,314</b>	<b>31,885</b>	<b>18,641</b>

Please refer to note 6(b) for the details on accounts receivables and allowance for impairments.



The contract liability is mainly due to advance receipts, wherein the Company will recognize revenue when the product is delivered to the customer. The amount of revenue recognized for the six months ended June 30, 2021 and 2020 that were included in the contract liability balance at the beginning of the period were \$31,884 thousand and \$2,386 thousand, respectively.

(q) Remuneration to employees and directors

In accordance with the Company's Articles, the profit for the year should be reserved to offset the deficit, then, should contribute no less than 5% of the profit as employee remuneration, and less than 3% as directors' remuneration.

The remunerations to employees amounted to \$20,556 thousand, \$16,091 thousand, \$42,755 thousand, and \$41,711 thousand, respectively, for the three-month period ended June 30, 2021 and 2020, and for the six-month period ended June 30, 2021 and 2020. The remunerations to directors amounted to \$3,246 thousand, \$732 thousand, \$6,751 thousand, and \$5,214 thousand, respectively, for the three-month period ended June 30, 2021 and 2020, and for the six-month period ended June 30, 2021 and 2020. These amounts were calculated using the Company's net income before tax without the remunerations to employees and directors for each period, multiplied by the proposed percentage which is stated under the Company's proposed Article of Incorporation. These remunerations were expensed under operating costs or expenses for each period. If there are any subsequent adjustments to the actual remuneration amounts after the annual shareholder' meeting, the adjustment will be regarded as changes in accounting estimates and will be reflected in profit or loss in the following year.

In 2020 and 2018, the amount of employee remuneration is NT\$67,278 thousand and NT\$97,368 thousand, respectively, and that of directors and supervisors is NT\$10,623 thousand and NT\$17,931 thousand, respectively. There is no difference from the distribution of board resolutions. The information is available on the Market Observation Post System website.

(r) Non-operating income and expenses

(i) Interest income

	For the three months ended June 30		For the six months ended June 30	
	2021	2020	2021	2020
Bank deposits	\$ 765	591	1,372	1,239
Others	19	11	(7)	186
Total	<b>\$ 784</b>	<b>602</b>	<b>1,365</b>	<b>1,425</b>

(ii) Other income

	For the three months ended June 30		For the six months ended June 30	
	2021	2020	2021	2020
Dividends	\$ 171	170	171	170
Others	1,375	723	2,256	977
Total	<b>\$ 1,546</b>	<b>893</b>	<b>2,427</b>	<b>1,147</b>

## (iii) Other gains and losses

	For the three months ended June 30		For the six months ended June 30	
	2021	2020	2021	2020
Losses on disposals of property, plant and equipment	\$ (7)	(5)	(26)	(6)
Losses(gains) on disposal of investments	-	26	-	(2,254)
Gains on lease modification	9	380	20	380
Foreign exchange losses	(25,541)	(32,485)	(29,051)	(25,431)
Others	(5,501)	(31)	(5,613)	(49)
Other gains and losses, net	<u>\$ (31,040)</u>	<u>(32,115)</u>	<u>(34,670)</u>	<u>(27,360)</u>

## (iv) Finance costs

	For the three months ended June 30		For the six months ended June 30	
	2021	2020	2021	2020
Interest expenses	<u>\$ 1,022</u>	<u>584</u>	<u>1,836</u>	<u>932</u>

## (s) Financial Instruments

Except for the following, there is no significant change in the fair value of the financial instruments and the exposure to credit risks and market risks due to financial instruments. Please refer to note 6 (s) of the consolidated financial report of 2020.

## 1. Credit risk

The credit receivable account of the credit risk Group in June 30, 2021, December 31, 2020 and June 30, 2020 was concentrated on single customers, accounting for 26%, 26% and 25% of the receivable and accounts receivable (including long-term receivables) respectively.

## 2. Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying	Contractual	Within 1		
	Amount	cash flows	year	1-5 years	Over 5 years
<b>June 30, 2021</b>					
Non-derivative financial liabilities					
Long-term borrowings(including deferred revenue)	\$ 214,375	218,017	25,280	172,021	20,716
Notes payable	5,849	5,849	5,849	-	-
Accounts payable	301,799	301,799	301,799	-	-
Other payables	332,070	332,070	332,070	-	-
Dividend payable	402,554	402,554	402,554	-	-
Lease liabilities (Current and non-current)	165,739	198,318	15,987	38,391	143,940
	<u>\$ 1,422,386</u>	<u>1,458,607</u>	<u>1,083,539</u>	<u>210,412</u>	<u>164,656</u>

	Carrying Amount	Contractual cash flows	Within 1 year	1-5 years	Over 5 years
<b>December 31, 2020</b>					
Non-derivative financial liabilities					
Long-term borrowings(including deferred revenue)	\$ 220,000	224,405	18,161	171,731	34,513
Notes payable	216	216	216	-	-
Accounts payable	245,897	245,897	245,897	-	-
Other payables	319,164	319,164	319,164	-	-
Lease liabilities (Current and non-current)	78,325	97,377	12,039	20,636	64,702
	<b><u>\$ 863,602</u></b>	<b><u>887,059</u></b>	<b><u>595,477</u></b>	<b><u>192,367</u></b>	<b><u>99,215</u></b>

**June 30, 2020**

Non-derivative financial liabilities					
Long-term borrowings(including deferred revenue)	\$ 220,000	225,065	6,942	169,733	48,390
Notes payable	377	377	377	-	-
Accounts payable	266,429	266,429	266,429	-	-
Other payables	385,542	385,542	385,542	-	-
Dividend payable	447,282	447,282	447,282	-	-
Lease liabilities (Current and non-current)	80,633	100,197	11,721	24,625	63,851
	<b><u>\$ 1,400,263</u></b>	<b><u>1,424,892</u></b>	<b><u>1,118,293</u></b>	<b><u>194,358</u></b>	<b><u>112,241</u></b>

The Group is not expecting the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

**3. Market risk****(1) Currency risk**

The Group's significant exposure to foreign currency risk was as follows:

	Foreign currency	Exchange rate	NTD
<b>June 30, 2021</b>			
Financial Assets			
<u>Monetary items</u>			
USD	\$ 35,728	27.8600	995,383
CNY	\$ 104,855	4.3090	451,820
Financial liabilities			
<u>Monetary items</u>			
USD	\$ 1,686	27.8600	46,968
CNY	\$ 14,107	4.3090	60,788
<b>December 31, 2020</b>			
Financial Assets			
<u>Monetary items</u>			
USD	\$ 31,338	28.4800	892,516
CNY	\$ 105,130	4.3770	460,153
Financial liabilities			
<u>Monetary items</u>			
USD	\$ 1,774	28.4800	50,516
CNY	\$ 13,093	4.3770	57,307

	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>	
<b>June 30, 2020</b>				
Financial Assets				
<u>Monetary items</u>				
USD	\$	55,175	29.568	1,631,417
CNY	\$	93,627	4.1810	391,456
Financial liabilities				
<u>Monetary items</u>				
USD	\$	2,006	29.568	59,306
CNY	\$	11,297	4.1810	47,231

The exchange rate risk of a Group is mainly derived from foreign currency denominated cash and cash equivalents, receivables and payables and so on, which will generate foreign currency exchange gains and losses in conversion. On June 30, 2021 and 2020 when the NT dollar depreciated or appreciated by 3% compared to the US dollar and CNY exchange rate, and all other factors remained unchanged; the net profit after tax will increase or decrease by \$32,147 thousand and \$45,992 thousand respectively for the six months ended June 30, 2021 and 2020.

Due to the wide variety of trading currencies of Group, the exchange and profit and loss information of monetary items was disclosed by collecting and consolidation methods. The net loss (including realized and unrealized) of foreign currency exchange for the three months ended June 30, 2021 and 2020, and for the six months ended June 30, 2021 and 2020 were \$25,541 thousand, \$32,485 thousand, \$29,051 thousand and \$25,431 thousand, respectively.

(2) Interest rate risk

Please refer to the notes on liquidity risk management and interest rate exposure of the Group's financial assets and liabilities.

The following sensitivity analysis is determined by the interest rate storm risk of derivative and non-derivative instruments in the reporting day. For floating rate liabilities, the way of analysis is to assume that the amount of debt in circulation outside the reporting day is in circulation throughout the year. The rate of change used to report interest rates to key management within the Group is an increase or loss of 1% per cent in interest rates, which also represents an assessment by management of the extent to which interest rates may vary reasonably.

If interest rate had increased or decreased by 1%, in the event that all other variables remain unchanged, the Group of tax net profit will increase or decrease \$7,511 thousand and \$7,224 thousand, respectively for the six months ended June 30, 2021 and 2020, respectively, with all other variable factors remain constant. This is mainly due from the Group's cash in bank and borrowing on variable rates.

## 4. Fair value

## (1) Categories and fair value of financial instruments

The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

	June 30, 2021				
	Carrying amounts	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Financial assets mandatorily measured at fair value through profit or loss	\$ 10,744	-	-	10,744	10,744
Financial assets at amortized cost					
Cash and cash equivalents	1,723,766	-	-	-	-
Accounts, notes and long term receivables	1,568,232	-	-	-	-
Refundable deposits	10,499	-	-	-	-
Other non-current assets	21,822	-	-	-	-
Subtotal	3,324,319	-	-	-	-
Total	<b>\$ 3,335,063</b>	-	-	<b>10,744</b>	<b>10,744</b>
Financial liabilities measured at amortized cost					
Long-term borrowings (including deferred revenue)	\$ 214,375	-	-	-	-
Notes payable	5,849	-	-	-	-
Accounts payable	301,799	-	-	-	-
Other payables	332,070	-	-	-	-
Dividend payable	402,554	-	-	-	-
Lease liabilities (including non-current)	165,739	-	-	-	-
Total	<b>\$ 1,422,386</b>	-	-	-	-

<b>December 31, 2020</b>					
	<b>Carrying amounts</b>	<b>Fair value</b>			<b>Total</b>
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
<b>Financial assets at fair value through profit or loss</b>					
Financial assets mandatorily measured at fair value through profit or loss	\$ 10,744	-	-	10,744	10,744
<b>Financial assets at amortized cost</b>					
Cash and cash equivalents	1,616,607	-	-	-	-
Accounts, notes and long term receivables	1,266,637	-	-	-	-
Refundable deposits	11,872	-	-	-	-
Other non-current assets	16,296	-	-	-	-
Subtotal	2,911,412	-	-	-	-
<b>Total</b>	<b>\$ 2,922,156</b>	<b>-</b>	<b>-</b>	<b>10,744</b>	<b>10,744</b>
<b>Financial liabilities at amortized cost</b>					
Long-term borrowings (including deferred revenue)	\$ 220,000	-	-	-	-
Notes payable	216	-	-	-	-
Accounts payable	245,897	-	-	-	-
Other payables	319,164	-	-	-	-
Lease liabilities (including non-current)	78,325	-	-	-	-
<b>Total</b>	<b>\$ 863,602</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

<b>June 30, 2020</b>					
	<b>Carrying amounts</b>	<b>Fair value</b>			<b>Total</b>
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
<b>Financial assets at fair value through profit or loss</b>					
Financial assets mandatorily measured at fair value through profit or loss	\$ 10,744	-	-	10,744	10,744
<b>Financial assets at amortized cost</b>					
Cash and cash equivalents	1,665,772	-	-	-	-
Accounts, notes and long term receivables	1,588,913	-	-	-	-
Refundable deposits	10,886	-	-	-	-
Other non-current assets	8,987	-	-	-	-
Subtotal	3,274,558	-	-	-	-
<b>Total</b>	<b>\$ 3,285,302</b>	<b>-</b>	<b>-</b>	<b>10,744</b>	<b>10,744</b>
<b>Financial liabilities at amortized cost</b>					
Long-term borrowings (including deferred revenue)	\$ 220,000	-	-	-	-
Notes payable	377	-	-	-	-
Accounts payable	266,429	-	-	-	-
Other payables	385,542	-	-	-	-
Dividend payable	447,282	-	-	-	-
Lease liabilities (including non-current)	80,633	-	-	-	-
<b>Total</b>	<b>\$ 1,400,263</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

(2) Valuation techniques for financial instruments measured at fair value – non-derivative financial instruments

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. Whether transactions are taking place "regularly" is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

Quoted market price may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

If the financial instruments have no quoted market price in an active market, the Group shall use the market comparison approach to evaluate the fair value. The main assumption used in computing the market price is based on the investee's equity and the quoted price from a competitor. The estimated price has been discounted due to the lack of liquidity in the price of securities.

(3) Fair value hierarchy

The Group uses observable market inputs for measuring its assets and liabilities as much as possible. The fair value levels are classified as follows according to the input values for the assessment:

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

No transfers between the Group's fair value levels.

## (4) Reconciliation of level 3 fair values

	<b>Unquoted equity instruments</b>
Balance at June 30, 2021 (Balance at January 1, 2021)	<u>\$ 10,744</u>
Balance at January 1, 2020	\$ 9,644
Purchase	1,100
Balance at June 30, 2021	<u>\$ 10,744</u>

## (5) Quantitative information of significant unobservable inputs (Level 3) through fair value

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Relation between significant unobservable inputs and fair value</u>
Financial assets at fair value through profit or loss – investment of equity instruments without active market	Guideline publicly traded company method	P/B multiplier (June 30, 2021, December 31, 2020 and June 30, 2020 were 2.44~2.76, 2.44~2.76 and 2.6 respectively) P/E multiplier (June 30, 2021, December 31, 2020 and June 30, 2020 were 19.84~37.81, 19.84~37.81 and 11.77 respectively) Discount for Lack of Market ability (June 30, 2021, December 31, 2020 and June 30, 2021 were 30%)	Higher P/B multiplier and P/E multiplier will cause an increase in the fair value Higher discount for Lack of Market ability will cause a decrease in fair value.

## (6) Fair value measurements in Level 3- sensitivity analysis of reasonably possible alternative assumptions

The Group's measurement on the fair of financial instruments is deemed reasonable despite different valuation models or assumptions may lead to different results. For fair value measurements in Level 3, changing one or more of the assumptions would have the following effects on profit or loss and other comprehensive income:

	<u>Input</u>	<u>Assumptions</u>	<u>Other comprehensive income</u>	
			<u>Favorable</u>	<u>Unfavorable</u>
<b>June 30, 2021</b>				
Financial assets at fair value through profit or loss				
Equity investments without an active market	Market illiquidity discount rate	10%	4,664	(4,664)
<b>December 31, 2020</b>				
Financial assets at fair value through profit or loss				
Equity investments without an active market	Market illiquidity discount rate	10%	4,664	(4,664)
<b>June 30, 2020</b>				
Financial assets at fair value through profit or loss				
Equity investments without an active market	Market illiquidity discount rate	10%	4,074	(4,074)

The favorable and unfavorable effects represent the change in fair value, and the fair value is based on a variety of un-observable inputs calculated using a valuation technique.

(Continued)



## (t) Financial risk management

Consolidation of corporate financial risk management objectives and policies there were no significant changes in the disclosure of Notes 6 (t) to the 2020 consolidated financial report.

## (u) Capital management

The Group's capital management objectives, policies and procedures are consistent with those revealed in the 2020 consolidated financial report. For further information, please refer to note 6 (u) of the consolidated financial report of 2020.

The Group's debt-to-adjusted-capital ratio at the end of the reporting period was as follows:

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2021</u>
Liabilities	\$ 1,598,111	\$ 1,101,557	\$ 1,561,871
Less: cash and cash equivalents	<u>1,723,766</u>	<u>1,616,607</u>	<u>1,665,772</u>
Net liabilities	<u>\$ (125,655)</u>	<u>\$ (515,050)</u>	<u>\$ (103,901)</u>
Total equity	<u>\$ 2,611,989</u>	<u>\$ 2,607,730</u>	<u>\$ 2,534,558</u>
Debt-to-capital ratio	<u>- %</u>	<u>- %</u>	<u>- %</u>

As of June 30, 2021, there was no change in the Group's approach of capital management.

## (v) Reconciliation of liabilities arising from financing activities

The Group's liability adjustment associated with financing activities for the six months ended June 30, 2021 were as follows:

	<u>January 1, 2021</u>	<u>Cash flows</u>	<u>Non-cash adjustments</u>				<u>June 30, 2021</u>	
			<u>Increase in right-of- use assets</u>	<u>Lease Modification</u>	<u>Disposal of Subsidiary</u>	<u>Foreign exchange movement</u>		<u>Interest expenses</u>
Long-term borrowings(including deferred revenue)	\$ 220,000	(5,625)	-	-	-	-	214,375	
Lease liabilities	<u>78,325</u>	<u>(6,367)</u>	<u>93,951</u>	<u>(734)</u>	<u>-</u>	<u>(128)</u>	<u>692</u>	<u>165,739</u>
Total liabilities from financing activities	<u>\$ 298,325</u>	<u>(11,992)</u>	<u>93,951</u>	<u>(734)</u>	<u>-</u>	<u>(128)</u>	<u>692</u>	<u>380,114</u>

  

	<u>January 1, 2020</u>	<u>Cash flows</u>	<u>Non-cash adjustments</u>				<u>June 30, 2020</u>	
			<u>Increase in right-of- use assets</u>	<u>Lease Modification</u>	<u>Disposal of Subsidiary</u>	<u>Foreign exchange movement</u>		<u>Interest expenses</u>
Long-term borrowings	\$ -	200,000	-	-	-	-	200,000	
Lease liabilities	<u>110,310</u>	<u>(6,656)</u>	<u>6,897</u>	<u>(24,120)</u>	<u>(6,230)</u>	<u>(199)</u>	<u>631</u>	<u>80,633</u>
Total liabilities from financing activities	<u>\$ 110,310</u>	<u>213,344</u>	<u>6,897</u>	<u>(24,120)</u>	<u>(6,230)</u>	<u>(199)</u>	<u>631</u>	<u>300,633</u>

(Continued)

**(7) Related-party Transactions**

Compensation of key management personnel:

	For the three months ended June 30		For the six months ended June 30	
	2021	2020	2021	2020
	Short-term employee benefits	\$ 10,999	8,628	25,078
Post-employment benefits	81	81	162	162
	<b>\$ 11,080</b>	<b>8,709</b>	<b>25,240</b>	<b>23,511</b>

**(8) Pledge assets**

The book value of pledged assets was as follows:

Pledged assets	Object asset	June 30, 2021	December 31, 2020	June 30, 2020
Other non-current assets:				
Time deposits	Guarantee for customs	\$ 1,513	1,511	1,511
Time deposits	Guarantee for the Hsinchu Science Park Bureau	10,001	4,478	4,460
Time deposits	Guarantee for Sales agreement	2,811	2,810	3,016
Time deposits	Guarantee for Project	7,497	7,497	-
		<b>\$ 21,822</b>	<b>16,296</b>	<b>8,987</b>

**(9) Commitments and contingencies: None****(10) Losses due to major disasters: None.****(11) Subsequent events: None****(12) Others**

(a) The following is a summary statement of employee benefits, depreciation and amortization expensed by function:

Item	Function	For the three months ended June 30 2021			For the three months ended June 30 2020		
		Operating costs	Operating expense	Total	Operating costs	Operating expense	Total
Employee benefits							
Salaries		29,310	87,439	116,749	22,942	56,891	79,833
Labor and health insurance		2,369	5,099	7,468	2,177	4,358	6,535
Pension		1,555	2,884	4,439	884	2,173	3,057
Directors' remuneration		-	3,252	3,252	-	798	798
Other employee benefits		3,020	5,823	8,843	1,213	5,232	6,445
Depreciation		2,674	6,848	9,522	3,489	4,934	8,423
Amortization		-	27	27	-	27	27

(Continued)

Item	Function	For the six months ended June 30 2021			For the six months ended June 30 2020		
		Operating costs	Operating expense	Total	Operating costs	Operating expense	Total
Employee benefits							
Salaries		58,894	177,231	236,125	50,980	130,886	181,866
Labor and health insurance		4,745	10,502	15,247	4,576	8,344	12,920
Pension		2,953	5,743	8,696	2,363	4,487	6,850
Directors' remuneration		-	6,798	6,798	-	5,499	5,499
Other employee benefits		6,198	12,787	18,985	5,867	13,600	19,467
Depreciation		5,490	13,080	18,570	6,895	9,650	16,545
Amortization		-	55	55	-	55	55

## (b) Seasonal of operations:

The operation of the Group is not affected by seasonal or cyclical factors.

**(13) Other Disclosure**

## (a) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group:

- Loans to other parties: None.
- Guarantees and endorsements for other parties: None.
- Securities held as of June 30,2021 (excluding investment in subsidiaries, associates and joint ventures):

(Amounts in Thousands of New Taiwan Dollar)

Company holding securities	Security type and name	Relationship with the Company	Account	June 30, 2021				Notes
				Shares (in thousands)	Carrying value	Percentage of ownership (%)	Market value	
The Company	Yayatech Co. Ltd.	-	Financial assets at fair value through profit or loss	884,000	9,644	5 %	9,644	
SISSCA Co.,Ltd.	FOR WIN TECH CO., LTD.	-	Financial assets at fair value through profit or loss	110,000	1,100	10 %	1,100	

- Individual securities acquired of disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock : None.
- Acquisitions of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- Related-party transaction for purchases and sales with amounts exceeding the lower of NT\$300 million or 20% of the capital stock:
- Receivable from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital:

Company Name	Related Party	Nature of relationships	Balance as June 30, 2021	Turnover rate	Overdue		Amount Received in Subsequent	Allowance for Impairment Loss
					Amount	Action Taken		
The Company	Machvision (Dongguan) Inc.	Subsidiaries	408,189	0.59	122,757	Depends on the end customer's credit period	(As of Aug 3, 2021)	-

(Continued)

9. Trading in derivative instruments: None.

10. Business relationships and significant intercompany transactions:

No. Note 1	Name of company	Name of counterparty	Existing relationship with the counter-party	Transaction details			
				Account name	Amount	Trading terms	Percentage of the total consolidated revenue or total assets
0	The Company	Machvision (Dongguan) Inc.	1	Operating revenue	120,801	Depends on the Group overall profit allocation	8.60%
0	The Company	Machvision (Dongguan) Inc.	1	Accounts receivable – related parties (including long-term accounts receivable)	408,189	Depends on the Group overall profit allocation	9.70%
0	The Company	Machvision (Dongguan) Inc.	1	Other payables – related parties	66,048	Dependent on capital budgeting	1.57%

Note 1: Company numbering is as follows:

- (1) Parent company is 0.
- (2) Subsidiary starts from 1.

Note 2: The number of the relationship with the transaction counterparty represents the following:

- (1) 1 represents downstream transactions.
- (2) 2 represents upstream transaction.

Note 3: For balance sheet items, over 1% of total consolidated assets, and for profit or loss items, over 1% total consolidated revenue were selected for disclosure.

(b) Information On Investees:

The following is the information on investees for the six months ended June 30, 2021 (excluding information on investees in China):

Name of Investor	Name of investee	Address	Scope of business	Original Cost		Ending balance			Net Income of Investee	Investment income (Losses) (Note 3)	Note
				June 30, 2021	December 31, 2020	Shares	Percentage of ownership	Book value			
The Company	Machvision Inc.	Samoa	Investment	105,433	105,433	3,463,650	100.00%	(39,023)	(28,354)	(28,354)	1, 2
The Company	Autovision Technology Inc.	Taiwan	Manufacturing of computer peripheral products	9,000	9,000	900,000	45.00%	10,703	381	172	2
The Company	Sigold Optics Inc.	Taiwan	Manufacturing of machinery equipment	49,470	49,470	6,316,330	49.47%	68,442	2,303	1,139	2
The Company	Machvision Korea Co., Ltd.	Korea	Maintaining and trading of machinery equipment	21,542	21,542	10,000	100.00%	7,302	(458)	(458)	2
The Company	ChipAI Co., LTD.	Taiwan	Manufacturing of computer peripheral products	18,000	18,000	1,800,000	90.00%	5,393	(2,505)	(2,255)	2
The Company	RedPay Co., Ltd.	Taiwan	Electronic Information supply Services	-	10,000	-	- %	-	(223)	(111)	2
The Company	Avountes Inc.	Taiwan	Electronic Information supply Services	8,962	5,714	900,000	45.00%	6,453	(9,989)	(4,447)	2
Sigold Optics Inc.	SISSCA Co.,Ltd.	Taiwan	Manufacturing of computer peripheral products	7,700	7,700	770,000	70.00%	3,697	(3,058)	(2,141)	2

Note 1: The company is a limited company.

Note 2: The transactions within the Group were eliminated in the consolidated financial statements.

Note 3: The investment income was recognized under the equity method and based on the financial statements audited by the auditor of the Company.

(Continued)

## (c) Information on investments in China

- (i) The names of investees in Mainland China, the main businesses and products, and other information:

Units: NT\$ thousand

Name of investment in China	Major operations	Issued capital	Method of Investment (Note 1)	Beginning remittance balance – cumulative investment (amount) from Taiwan	Current remittance / receivable investment (amount)		Ending remittance balance - cumulative investment (amount) from Taiwan	Net income of investee	Direct / indirect shareholdings or investments (%) in the Company	Current investment gains and losses (Note 3)	Book value (Note 2)	Remittance of investment income in current period
					Invested amount	Returned amount						
Machvision (Dongguan) Inc.	Maintaining and trading of machinery equipment	105,361	(2)i	105,361	-	-	105,361	(28,354)	100%	(28,354)	(30,749)	-
Dongguan muxin intelligent equipment Co., Ltd	Maintaining and trading of machinery equipment	4,220	(4)i	-	-	-	-	1,141	51%	582	1,550	-

Note 1: The method of investment is divided into the following four categories:

- (1) Remittance from third region companies to invest in Mainland China.
- (2) Through the establishment of third region companies then investing in Mainland China.
  - i. Through the establishment of Machvision Inc. then investing in Mainland China.
- (3) Through transferring the investment to third region existing companies then investing in Mainland China.
- (4) Other methods: EX: delegated investments.
  - i. Through the establishment of Machvision (Dongguan) Inc. then investing in Mainland China.

Note 2: The transactions within the Group were eliminated in the consolidated financial statements.

Note 3: The recognition of investment gains and losses in this period is based on the same period that the invested company prepares its own financial reports that have not been approved by the accountant, and the evaluation of the rights and interest's method is adopted.

- (ii) Limitation on investment in China:

Company Name	Accumulated investment amount in Mainland China as of End of the Period	Investment (amount) approved by Investment Commission, Ministry of Economic Affairs	Maximum investment amount set by Investment Commission, Ministry of Economic Affairs
The Company	105,361	105,361	1,511,974 (Note 1)

Note 1: It represents 60% of the Company's net equity.

- (iii) Significant transactions:

Please refer to details in the “Relationships between Parent Company and Subsidiaries and Significant Transactions” for the significant transactions directly or indirectly related to the investment in China for the six months ended June 30, 2021.

- (d) Information of major shareholders: None.

(Continued)

**(14) Segment Information**

The Corporation's business operations are focused in a single industry, mainly in the manufacturing, sales and testing of optical inspection machines and equipment. The end use of the Corporation's products are similar. The operational decision makers evaluate the Corporation's overall performance and allocate resources for the Corporation's overall business operations. Hence, there is only one reportable segment for the Corporation.

The Group's reportable segments and adjustments were as follows:

	<u>Taiwan</u>	<u>China</u>	<u>Adjustment and Elimination</u>	<u>Total</u>
<b>For the three months ended June 30, 2021</b>				
Revenue:				
Revenue from external customers	\$ 588,618	126,742	-	715,360
Inter-segment revenue	98,915	8,511	(107,426)	-
<b>Total revenue</b>	<b><u>\$ 687,533</u></b>	<b><u>135,253</u></b>	<b><u>(107,426)</u></b>	<b><u>715,360</u></b>
<b>Reportable segment revenue or loss</b>	<b><u>\$ 282,861</u></b>	<b><u>(8,571)</u></b>	<b><u>-</u></b>	<b><u>274,290</u></b>
<b>For the three months ended June 30, 2020</b>				
Revenue:				
Revenue from external customers	\$ 591,746	85,372	-	677,118
Inter-segment revenue or loss	89,729	-	(89,729)	-
<b>Total revenue</b>	<b><u>\$ 681,475</u></b>	<b><u>85,372</u></b>	<b><u>(89,729)</u></b>	<b><u>677,118</u></b>
<b>Reportable segment revenue or loss</b>	<b><u>\$ 302,221</u></b>	<b><u>(15,554)</u></b>	<b><u>-</u></b>	<b><u>286,667</u></b>
	<u>Taiwan</u>	<u>China</u>	<u>Adjustment and Elimination</u>	<u>Total</u>
<b>For the six months ended June 30, 2021</b>				
Revenue:				
Revenue from external customers	\$ 1,210,472	193,521	-	1,403,993
Inter-segment revenue	159,429	12,044	(171,473)	-
<b>Total revenue</b>	<b><u>\$ 1,369,901</u></b>	<b><u>205,565</u></b>	<b><u>(171,473)</u></b>	<b><u>1,403,993</u></b>
<b>Reportable segment revenue or loss</b>	<b><u>\$ 570,576</u></b>	<b><u>(28,133)</u></b>	<b><u>-</u></b>	<b><u>542,443</u></b>
<b>For the six months ended June 30, 2020</b>				
Revenue:				
Revenue from external customers	\$ 1,217,335	146,014	-	1,363,349
Inter-segment revenue	152,366	-	(152,366)	-
<b>Total revenue</b>	<b><u>\$ 1,369,701</u></b>	<b><u>146,014</u></b>	<b><u>(152,366)</u></b>	<b><u>1,363,349</u></b>
<b>Reportable segment revenue or loss</b>	<b><u>\$ 584,367</u></b>	<b><u>(19,842)</u></b>	<b><u>-</u></b>	<b><u>564,525</u></b>

For the three months ended June 30, 2021 and 2020 and the six months ended June 30, 2021 and 2020, the total revenue of the reportable segment should exclude the inter-segment revenue of \$107,426 thousand, \$89,729 thousand, \$171,473 thousand and \$152,366 thousand, respectively.