

**ARES INTERNATIONAL CORP. AND  
SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REVIEW REPORT  
MARCH 31, 2021 AND 2020**

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

## INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of ARES INTERNATIONAL CORP.

### ***Introduction***

We have reviewed the accompanying consolidated balance sheets of Ares International Corp. and subsidiaries (the "Group") as at March 31, 2021 and 2020, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three months then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and International Accounting Standard 34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

### ***Scope of Review***

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

### ***Basis for Qualified Conclusion***

The financial statements of certain non-significant consolidated subsidiaries and investments accounted for using the equity method were not reviewed by independent auditors. Those statements reflect total assets (including investments accounted for using the equity method) amounting to NT\$167,777 thousand and NT\$133,754 thousand, constituting 13.01% and 11.06% of the consolidated total assets, and total liabilities amounting to NT\$26,078 thousand and NT\$10,450 thousand, constituting 5.18% and 2.28% of the consolidated total liabilities as of March 31, 2021 and 2020, respectively, and total comprehensive income (including share of profit of associates and joint ventures accounted for using equity method) amounting to NT\$12,486 thousand and NT\$1,655 thousand, constituting 87.56% and

29.73% of consolidated total comprehensive income for the three months then ended, respectively.

### ***Qualified Conclusion***

Except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and investments accounted for using equity method been reviewed by independent auditors, that we might have become aware of had it not been for the situation described above, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2021 and 2020, and of its consolidated financial performance and its consolidated cash flows for the three months then ended, in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission.

CPA Lin, Yi-Fan

CPA Liao, Fu-Ming

For and on behalf of PricewaterhouseCoopers, Taiwan

May 10, 2021

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

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

**ARES INTERNATIONAL CORP. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**MARCH 31, 2021, DECEMBER 31, 2020 AND MARCH 31, 2020**  
(Expressed in thousands of New Taiwan dollars)  
(The consolidated balance sheets as of March 31, 2021 and 2020 are unaudited))

Assets		Notes	March 31, 2021		December 31, 2020		March 31, 2020	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
<b>Current assets</b>								
1100	Cash and cash equivalents	6(1)	\$ 589,108	46	\$ 618,306	47	\$ 520,178	43
1136	Financial assets at amortised cost -	6(2) and 8						
	current		278,065	22	286,211	22	279,998	23
1140	Contract assets - current	6(16)	94,923	8	79,030	6	81,002	7
1150	Notes receivable, net	6(3)	778	-	1,058	-	2,574	-
1170	Accounts receivable, net	6(3)	80,167	6	109,095	8	98,957	8
1180	Accounts receivable - related	7						
	parties, net		-	-	682	-	-	-
1200	Other receivables		968	-	1,397	-	2,235	-
1410	Prepayments	6(4) and 7	29,974	2	23,686	2	35,931	3
1470	Other current assets	8	41,557	3	46,214	4	45,876	4
11XX	<b>Total current assets</b>		<u>1,115,540</u>	<u>87</u>	<u>1,165,679</u>	<u>89</u>	<u>1,066,751</u>	<u>88</u>
<b>Non-current assets</b>								
1517	Financial assets at fair value	6(5)						
	through other comprehensive							
	income - non-current		-	-	-	-	1,403	-
1550	Investments accounted for using	6(6)						
	the equity method		97,286	8	86,804	7	82,283	7
1600	Property, plant and equipment, net	6(7)	6,167	-	5,809	-	7,008	1
1755	Right-of-use assets	6(8)	31,279	2	3,912	-	13,804	1
1780	Intangible assets		467	-	533	-	-	-
1840	Deferred income tax assets		30,799	2	32,521	3	30,761	2
1900	Other non-current assets	8	7,685	1	7,447	1	7,678	1
15XX	<b>Total non-current assets</b>		<u>173,683</u>	<u>13</u>	<u>137,026</u>	<u>11</u>	<u>142,937</u>	<u>12</u>
1XXX	<b>Total assets</b>		<u>\$ 1,289,223</u>	<u>100</u>	<u>\$ 1,302,705</u>	<u>100</u>	<u>\$ 1,209,688</u>	<u>100</u>

(Continued)

**ARES INTERNATIONAL CORP. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**MARCH 31, 2021, DECEMBER 31, 2020 AND MARCH 31, 2020**  
(Expressed in thousands of New Taiwan dollars)  
(The consolidated balance sheets as of March 31, 2021 and 2020 are unaudited))

Liabilities and Equity		Notes	March 31, 2021		December 31, 2020		March 31, 2020	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
<b>Current liabilities</b>								
2130	Contract liabilities - current	6(16)	\$ 180,536	14	\$ 175,210	14	\$ 167,638	14
2150	Notes payable		14	-	-	-	-	-
2170	Accounts payable	6(9)	44,343	3	49,790	4	41,043	3
2180	Accounts payable - related parties	7	884	-	606	-	1,821	-
2200	Other payables	6(10)	86,172	7	131,907	10	78,447	7
2230	Current income tax liabilities		14,902	1	14,358	1	14,663	1
2250	Provisions for liabilities - current	6(12)	8,134	1	8,641	1	612	-
2280	Current lease liabilities		16,317	1	3,244	-	14,084	1
2300	Other current liabilities		-	-	-	-	126	-
21XX	<b>Total current liabilities</b>		<u>351,302</u>	<u>27</u>	<u>383,756</u>	<u>30</u>	<u>318,434</u>	<u>26</u>
<b>Non-current liabilities</b>								
2580	Non-current lease liabilities		15,029	1	756	-	44	-
2640	Accrued pension liabilities		<u>136,862</u>	<u>11</u>	<u>146,423</u>	<u>11</u>	<u>139,652</u>	<u>12</u>
25XX	<b>Total non-current liabilities</b>		<u>151,891</u>	<u>12</u>	<u>147,179</u>	<u>11</u>	<u>139,696</u>	<u>12</u>
2XXX	<b>Total liabilities</b>		<u>503,193</u>	<u>39</u>	<u>530,935</u>	<u>41</u>	<u>458,130</u>	<u>38</u>
<b>Equity attributable to owners of parent</b>								
	Share capital	6(13)						
3110	Common stock		472,539	37	472,539	36	472,539	39
	Capital surplus	6(14)						
3200	Capital surplus		142,965	11	142,965	11	142,897	12
	Retained earnings	6(15)						
3310	Legal reserve		59,516	4	59,516	4	51,866	4
3320	Special reserve		9,242	1	9,242	1	7,708	1
3350	Unappropriated retained earnings		103,926	8	90,265	7	81,808	7
	Other equity interest							
3400	Other equity interest		( 5,884)	-	( 6,342)	-	( 8,962)	( 1)
31XX	<b>Equity attributable to owners of the parent</b>		<u>782,304</u>	<u>61</u>	<u>768,185</u>	<u>59</u>	<u>747,856</u>	<u>62</u>
36XX	Non-controlling interest		<u>3,726</u>	<u>-</u>	<u>3,585</u>	<u>-</u>	<u>3,702</u>	<u>-</u>
3XXX	<b>Total equity</b>		<u>786,030</u>	<u>61</u>	<u>771,770</u>	<u>59</u>	<u>751,558</u>	<u>62</u>
	Significant contingent liabilities and unrecognized contract commitments	9						
3X2X	<b>Total liabilities and equity</b>		<u>\$ 1,289,223</u>	<u>100</u>	<u>\$ 1,302,705</u>	<u>100</u>	<u>\$ 1,209,688</u>	<u>100</u>

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

ARES INTERNATIONAL CORP. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
THREE MONTHS ENDED MARCH 31, 2021 AND 2020  
(Expressed in thousands of New Taiwan dollars, except earnings per share data)  
(UNAUDITED)

Items		Notes	Three months ended March 31			
			2021		2020	
			AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(16) and 7	\$ 172,315	100	\$ 187,804	100
5000	Operating costs	6(20)(21) and 7	( 116,659)	( 68)	( 129,926)	( 69)
5950	Gross profit		55,656	32	57,878	31
	Operating expenses	6(20)(21) and 7				
6100	Selling expenses		( 14,047)	( 8)	( 17,397)	( 9)
6200	General and administrative expenses		( 12,945)	( 7)	( 13,182)	( 7)
6300	Research and development expenses		( 23,544)	( 14)	( 24,286)	( 13)
6450	Reversal of (provision for) expected credit losses	6(20) and 12(2)	398	-	( 3,542)	( 2)
6000	Total operating expenses		( 50,138)	( 29)	( 58,407)	( 31)
6900	Operating profit (loss)		5,518	3	( 529)	-
	Non-operating income and expenses					
7100	Interest income	6(17)	938	-	1,981	1
7010	Other income	6(18)	527	-	1,239	-
7020	Other gains and losses	6(19)	( 689)	-	109	-
7050	Finance costs	6(8)	( 117)	-	( 111)	-
7060	Share of profit of associates and joint ventures accounted for using equity method	6(6)	10,009	6	3,139	2
7000	Total non-operating income and expenses		10,668	6	6,357	3
7900	<b>Profit before income tax</b>		16,186	9	5,828	3
7950	Income tax expense	6(22)	( 2,391)	( 1)	( 549)	-
8200	<b>Profit for the period</b>		\$ 13,795	8	\$ 5,279	3

(Continued)

ARES INTERNATIONAL CORP. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
THREE MONTHS ENDED MARCH 31, 2021 AND 2020  
(Expressed in thousands of New Taiwan dollars, except earnings per share data)  
(UNAUDITED)

Items	Notes	Three months ended March 31			
		2021		2020	
		AMOUNT	%	AMOUNT	%
<b>Other comprehensive income</b>					
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>					
8316	Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income	6(5)			
		\$	-	(\$	382)
8349	Income tax relating to components of other comprehensive income	6(22)			
		-	-	76	-
8310	Other comprehensive loss that will not be reclassified to profit or loss			(	306)
		-	-	(	
<b>Other comprehensive income that will be reclassified to profit or loss</b>					
8361	Financial statements translation differences of foreign operations				
		579	-	740	-
8399	Income tax relating to components of other comprehensive income	6(22)			
		(	114)	(	146)
8360	Other comprehensive income that will be reclassified to profit or loss				
		465	-	594	-
8500	<b>Total comprehensive income for the period</b>				
		\$	14,260	8	\$
				5,567	3
Profit (loss) attributable to:					
8610	Owners of the parent				
		\$	13,661	8	\$
8620	Non-controlling interest				
			134	-	(
				28)	-
		\$	13,795	8	\$
				5,279	3
Total comprehensive income (loss) attributable to:					
8710	Owners of the parent				
		\$	14,119	8	\$
8720	Non-controlling interest				
			141	-	(
				21)	-
		\$	14,260	8	\$
				5,567	3
Earnings per share (in dollars)					
9750	Basic earnings per share	6(23)			
		\$	0.29	\$	0.11
9850	Diluted earnings per share	6(23)			
		\$	0.29	\$	0.11

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

ARES INTERNATIONAL CORP. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
THREE MONTHS ENDED MARCH 31, 2021 AND 2020  
(Expressed in thousands of New Taiwan dollars)  
(UNAUDITED)

Notes	Equity attributable to owners of the parent								Non-controlling interest	Total equity
	Share capital - common stock	Capital surplus	Retained Earnings			Other Equity Interest		Total		
			Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income			
	\$ 472,539	\$ 142,897	\$ 51,866	\$ 7,708	\$ 76,501	(\$ 4,402 )	(\$ 4,841 )	\$ 742,268	\$ 3,723	\$ 745,991
	-	-	-	-	5,307	-	-	5,307	( 28 )	5,279
	-	-	-	-	-	587	( 306 )	281	7	288
	-	-	-	-	5,307	587	( 306 )	5,588	( 21 )	5,567
	<u>\$ 472,539</u>	<u>\$ 142,897</u>	<u>\$ 51,866</u>	<u>\$ 7,708</u>	<u>\$ 81,808</u>	<u>(\$ 3,815 )</u>	<u>(\$ 5,147 )</u>	<u>\$ 747,856</u>	<u>\$ 3,702</u>	<u>\$ 751,558</u>
	\$ 472,539	\$ 142,965	\$ 59,516	\$ 9,242	\$ 90,265	(\$ 4,342 )	(\$ 2,000 )	\$ 768,185	\$ 3,585	\$ 771,770
	-	-	-	-	13,661	-	-	13,661	134	13,795
	-	-	-	-	-	458	-	458	7	465
	-	-	-	-	13,661	458	-	14,119	141	14,260
	<u>\$ 472,539</u>	<u>\$ 142,965</u>	<u>\$ 59,516</u>	<u>\$ 9,242</u>	<u>\$ 103,926</u>	<u>(\$ 3,884 )</u>	<u>(\$ 2,000 )</u>	<u>\$ 782,304</u>	<u>\$ 3,726</u>	<u>\$ 786,030</u>

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



ARES INTERNATIONAL CORP. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
THREE MONTHS ENDED MARCH 31, 2021 AND 2020  
(Expressed in thousands of New Taiwan dollars)  
(UNAUDITED)

	Notes	Three months ended March 31	
		2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		\$ 16,186	\$ 5,828
Adjustments			
Adjustments to reconcile profit (loss)			
(Reversal of) provision for expected credit loss impairment	6(20) and 12(2)	( 398 )	3,542
Depreciation of property, plant and equipment	6(7)(20)	673	807
Depreciation of right-of-use asset	6(8)(20)	4,302	4,138
Amortization	6(20)	66	96
Interest income	6(17)	( 938 )	( 1,981 )
Interest expense	6(8)	117	111
Share of profit of associates and joint ventures accounted for using equity method	6(6)	( 10,009 )	( 3,139 )
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		280	( 1,905 )
Accounts receivable		13,433	( 9,085 )
Accounts receivable - related parties		682	1,339
Other receivables		( 29 )	( 68 )
Prepayments		( 6,288 )	( 5,768 )
Other current assets		4,657	3,897
Changes in operating liabilities			
Contract liabilities		5,326	16,156
Notes payable		14	-
Accounts payable		( 5,447 )	886
Accounts payable - related parties		278	( 1,441 )
Other payables		( 45,735 )	( 38,492 )
Provisions for liabilities - current		( 507 )	( 489 )
Other current liabilities		-	126
Accrued pension liabilities		( 9,561 )	( 2,675 )
Cash outflow generated from operations		( 32,898 )	( 28,117 )
Interest received		1,380	2,376
Income tax paid		( 119 )	( 223 )
Net cash flows used in operating activities		( 31,637 )	( 25,964 )

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ARES INTERNATIONAL CORP. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
THREE MONTHS ENDED MARCH 31, 2021 AND 2020  
(Expressed in thousands of New Taiwan dollars)  
(UNAUDITED)

	Notes	Three months ended March 31 2021	2020
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Increase in financial assets at amortised cost-current		(\$ 226,415 )	(\$ 227,950 )
Decrease in financial assets at amortised cost-current		234,565	240,749
Acquisition of property, plant and equipment	6(7)	( 1,033 )	( 800 )
(Increase) decrease in refundable deposits (shown in other non-current assets)		( 238 )	4
Net cash flows from investing activities		6,879	12,003
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Payment of lease liability	6(24)	( 4,440 )	( 4,267 )
Net cash flows used in financing activities		( 4,440 )	( 4,267 )
Net decrease in cash and cash equivalents		( 29,198 )	( 18,228 )
Cash and cash equivalents at beginning of period		618,306	538,406
Cash and cash equivalents at end of period		\$ 589,108	\$ 520,178

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

ARES INTERNATIONAL CORP. AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
THREE MONTHS ENDED MARCH 31, 2021 AND 2020

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

**1. HISTORY AND ORGANISATION**

Ares International Corp. (hereinafter referred to as the ‘Company’) was established on December 3, 1980. The Company and subsidiaries (hereinafter referred to as the ‘Group’) are engaged in the design, sales, lease, maintenance and technology consultation of computer equipment, internet and related software, and analysis, design, modification, installment and maintenance of application software. The Company’s stock was traded at the Taipei Exchange from March 1999, and was listed at the Taiwan Stock Exchange after the application of listing was approved.

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

These consolidated financial statements were authorised for issuance by the Board of Directors on May 10, 2021.

**3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS**

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

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

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

Note: Earlier application from January 1, 2021 is allowed by the FSC.

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

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

None.

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 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 IFRS Standards 2018–2020	January 1, 2022

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

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

(2) Basis of preparation

- A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
  - (a) Financial assets at fair value through other comprehensive income.

(b) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

The basis for preparation of consolidated financial statements are consistent with those of the year ended December 31, 2020.

B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
			March 31, 2021	December 31, 2020	March 31, 2020	
Ares International Corp.	APLUSOFT CO., LTD.	Computer installation and information software service	—	—	100%	Notes 1 and 2
Ares International Corp.	ARES GROUP CORP.	Investment business	100%	100%	100%	Note 2
Ares International Corp.	WELJOIN TECHNOLOGIES LIMITED (BVI)	Investment business	100%	100%	—	Notes 1 and 2
ARES GROUP CORP.	SHARP KEEN MANAGEMENT LIMITED	Investment business	100%	100%	100%	Note 2
WELJOIN TECHNOLOGIES LIMITED (BVI)	APLUSOFT (SUZHOU) CORPORATION	Research, development and sales in business management software	95.88%	95.88%	95.88%	Note 2

Note 1: APLUSOFT CO., LTD. was dissolved after merging with the Company on October 1, 2020 and shares in WELJOIN TECHNOLOGIES LIMITED (BVI) originally held by the investee were assumed by the Company.

Note 2: The financial statements of the above subsidiaries were not reviewed by independent auditors as the entity did not meet the definition of a significant subsidiary.

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

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

E. Significant restrictions: None.

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

(4) Employee benefits

Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. Also, the related information is disclosed accordingly.

(5) Income taxes

If a change in tax rate is enacted or substantively enacted in an interim period, the Group recognises the effect of the change immediately in the interim period in which the change occurs. The effect of the change on items recognised outside profit or loss is recognised in other comprehensive income or equity while the effect of the change on items recognised in profit or loss is recognised in profit or loss.

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

There was no significant change during the reporting period. Please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2020.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Cash on hand and revolving funds	\$ 170	\$ 366	\$ 175
Checking accounts and demand deposits	333,680	370,860	259,293
Time deposits	255,258	247,080	260,710
	<u>\$ 589,108</u>	<u>\$ 618,306</u>	<u>\$ 520,178</u>

A. The Group transacts 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 March 31, 2021, December 31, 2020, and March 31, 2020, cash and cash equivalents were restricted to the bid bonds and performance guarantee. Please refer to Note 8.

(2) Financial assets at amortised cost

<u>Items</u>	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Current items:			
Time deposits with maturity over three months	\$ 273,490	\$ 281,636	\$ 275,423
Pledged time deposits	4,575	4,575	4,575
	<u>\$ 278,065</u>	<u>\$ 286,211</u>	<u>\$ 279,998</u>
Interest rate range of time deposits	0.3%~1.4%	0.1%~2.45%	0.49%~2.30%

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

	Three months ended March 31	
	2021	2020
Interest income	\$ 467	\$ 843

B. As at March 31, 2021, December 31, 2020, and March 31, 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group were \$278,065, \$286,211 and \$279,998, respectively.

C. Details of the Group's financial assets at amortised cost pledged to others as collateral are provided in Note 8.

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

(3) Notes and accounts receivable

	March 31, 2021	December 31, 2020	March 31, 2020
Notes receivable	\$ 778	\$ 1,058	\$ 2,574
Less: Allowance for uncollectible accounts	-	-	-
	<u>\$ 778</u>	<u>\$ 1,058</u>	<u>\$ 2,574</u>
Accounts receivable	\$ 86,832	\$ 116,166	\$ 104,748
Less: Allowance for uncollectible accounts	( 6,665)	( 7,071)	( 5,791)
	<u>\$ 80,167</u>	<u>\$ 109,095</u>	<u>\$ 98,957</u>

A. The ageing analysis of notes and accounts receivable that were past due but not impaired is as follows:

	March 31, 2021	
	Accounts receivable	Notes receivable
Not past due	\$ 60,043	\$ 778
Up to 90 days	19,910	-
91 to 180 days	227	-
181 to 271 days	-	-
Over 271 days	6,652	-
	<u>\$ 86,832</u>	<u>\$ 778</u>

	December 31, 2020	
	Accounts receivable	Notes receivable
Not past due	\$ 96,416	\$ 1,058
Up to 90 days	11,297	-
91 to 180 days	1,386	-
181 to 271 days	-	-
Over 271 days	7,067	-
	<u>\$ 116,166</u>	<u>\$ 1,058</u>
	March 31, 2020	
	Accounts receivable	Notes receivable
Not past due	\$ 82,985	\$ 2,574
Up to 90 days	11,950	-
91 to 180 days	2,713	-
181 to 271 days	1,284	-
Over 271 days	5,816	-
	<u>\$ 104,748</u>	<u>\$ 2,574</u>

The above ageing analysis was based on past due date.

- B. As of March 31, 2021, December 31, 2020, and March 31, 2020, accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2020, the balance of receivables from contracts with customers amounted to \$103,020.
- C. The Group has no notes and accounts receivable pledged to others.
- D. The Group has no discounted notes receivable.
- E. The Group does not hold any collateral as security.
- F. As at March 31, 2021, December 31, 2020, and March 31, 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents notes and accounts receivable held by the Group was \$80,945, \$110,153 and \$101,531, respectively.
- G. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(4) Prepayments

	March 31, 2021	December 31, 2020	March 31, 2020
Prepaid project cost	\$ 25,290	\$ 20,485	\$ 25,350
Other prepayments	4,684	3,201	10,581
	<u>\$ 29,974</u>	<u>\$ 23,686</u>	<u>\$ 35,931</u>



(5) Financial assets at fair value through other comprehensive income-non-current

Items	March 31, 2021	December 31, 2020	March 31, 2020
Non-current items:			
Equity instruments			
Unlisted stocks	\$ 2,000	\$ 2,000	\$ 6,444
Valuation adjustment	( 2,000)	( 2,000)	( 5,041)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,403</u>

- A. The Group has elected to classify equity investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$0, \$0 and \$1,403 as at March 31, 2021, December 31, 2020, and March 31, 2020, respectively.
- B. For the three months ended March 31, 2021 and 2020, the Group recognised the amount of \$0 and (\$382), respectively, in profit or loss and other comprehensive income.
- C. The Group received proceeds from capital reduction of the equity instruments in the amount of \$1,379 in June 2020.
- D. Equity instruments that the Group invested in were liquidated as approved by the shareholders in October 2020. The Group reclassified cumulative valuation losses amounting to \$3,065 to retained earnings due to derecognition.
- E. The Group has no financial assets at fair value through other comprehensive income pledged to others.

(6) Investments accounted for using the equity method

	March 31, 2021	December 31, 2020	March 31, 2020
Associates:			
BLITZ IT CONSULTANTS PTE. LTD.	\$ 18,637	\$ 15,970	\$ 16,233
ARES INTERNATIONAL (THAILAND) CO., LTD.	6,943	7,909	6,833
ARGO INTERNATIONAL CORPORATION	25,220	22,260	22,268
M-Power Information Co., Ltd.	46,486	40,665	36,949
	<u>\$ 97,286</u>	<u>\$ 86,804</u>	<u>\$ 82,283</u>

A. The basic information of the associates of the Group is as follows:

Company name	Principal place of business	Ownership (%)			Nature of relationship	Method of measurement
		March 31, 2021	December 31, 2020	March 31, 2020		
BLITZ IT CONSULTANTS PTE. LTD.	Singapore	25.00%	25.00%	25.00%	-	Equity method
ARES INTERNATIONAL (THAILAND) CO., LTD.	Thailand	49.00%	49.00%	49.00%	Note 2	Equity method
ARGO INTERNATIONAL CORPORATION	Taiwan	34.83%	34.83%	34.83%	Note 1	Equity method
M-Power Information Co., Ltd.	Taiwan	24.39%	24.39%	24.39%	Note 2	Equity method

Note 1: The Group made purchases from this associate company.

Note 2: The Group had sales to this associate company.

B. The carrying amount of the Group's interests in all individually immaterial associates and the Group's share of the operating results are summarised below:

As of March 31, 2021, December 31, 2020, and March 31, 2020, the carrying amounts of the Group's individually immaterial associates amounted to \$97,286, \$86,804 and \$82,283, respectively.

	Three months ended March 31	
	2021	2020
Profit for the year from continuing operations	\$ 10,009	\$ 3,139
Other comprehensive income, net of tax	-	-
Total comprehensive income	\$ 10,009	\$ 3,139

C. For the three months ended March 31, 2021 and 2020, the Group recognised share of profit of associates in the amounts of \$10,009 and \$3,139, respectively, which were based on the financial statements which were not reviewed by independent auditors of the same period.

D. The Group is the single largest shareholder of ARGO INTERNATIONAL CORPORATION and M-Power Information with a 34.83% and 24.39% equity interest, respectively. As the Group has no current ability to direct the relevant activities of ARGO INTERNATIONAL CORPORATION and M-Power Information, the Group has no control, but only has significant influence, over the investee.

(7) Property, plant and equipment

	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Leasehold improvements</u>	<u>Other facilities</u>	<u>Total</u>
<u>At January 1, 2021</u>						
Cost	\$ 7,723	\$ 12,190	\$ 1,681	\$ 5,335	\$ 918	\$ 27,847
Accumulated depreciation	( 5,960)	( 8,953)	( 1,500)	( 5,263)	( 362)	( 22,038)
	<u>\$ 1,763</u>	<u>\$ 3,237</u>	<u>\$ 181</u>	<u>\$ 72</u>	<u>\$ 556</u>	<u>\$ 5,809</u>
<u>2021</u>						
At January 1	\$ 1,763	\$ 3,237	\$ 181	\$ 72	\$ 556	\$ 5,809
Additions	1,033	-	-	-	-	1,033
Depreciation charges	( 158)	( 363)	( 36)	( 72)	( 44)	( 673)
Net exchange differences	( 2)	-	-	-	-	( 2)
At March 31	<u>\$ 2,636</u>	<u>\$ 2,874</u>	<u>\$ 145</u>	<u>\$ -</u>	<u>\$ 512</u>	<u>\$ 6,167</u>
<u>At March 31, 2021</u>						
Cost	\$ 8,754	\$ 12,190	\$ 1,681	\$ 5,335	\$ 918	\$ 28,878
Accumulated depreciation	( 6,118)	( 9,316)	( 1,536)	( 5,335)	( 406)	( 22,711)
	<u>\$ 2,636</u>	<u>\$ 2,874</u>	<u>\$ 145</u>	<u>\$ -</u>	<u>\$ 512</u>	<u>\$ 6,167</u>

	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Leasehold improvements</u>	<u>Other facilities</u>	<u>Total</u>
<u>At January 1, 2020</u>						
Cost	\$ 9,914	\$ 12,190	\$ 1,681	\$ 5,335	\$ 1,014	\$ 30,134
Accumulated depreciation	( 9,150)	( 7,348)	( 1,355)	( 4,981)	( 283)	( 23,117)
	<u>\$ 764</u>	<u>\$ 4,842</u>	<u>\$ 326</u>	<u>\$ 354</u>	<u>\$ 731</u>	<u>\$ 7,017</u>
<u>2020</u>						
At January 1	\$ 764	\$ 4,842	\$ 326	\$ 354	\$ 731	\$ 7,017
Additions	800	-	-	-	-	800
Depreciation charges	( 142)	( 514)	( 36)	( 71)	( 44)	( 807)
Net exchange differences	( 2)	-	-	-	-	( 2)
At March 31	<u>\$ 1,420</u>	<u>\$ 4,328</u>	<u>\$ 290</u>	<u>\$ 283</u>	<u>\$ 687</u>	<u>\$ 7,008</u>
<u>At March 31, 2020</u>						
Cost	\$ 10,714	\$ 12,190	\$ 1,681	\$ 5,335	\$ 975	\$ 30,895
Accumulated depreciation	( 9,294)	( 7,862)	( 1,391)	( 5,052)	( 288)	( 23,887)
	<u>\$ 1,420</u>	<u>\$ 4,328</u>	<u>\$ 290</u>	<u>\$ 283</u>	<u>\$ 687</u>	<u>\$ 7,008</u>

A. The Group has no interest capitalization.

B. The Group has no property, plant and equipment pledged to others.

(8) Leasing arrangements — lessee

- A. The Group’s leased assets are buildings. Rental contracts are typically made for periods of 1 to 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. Right-of-use assets are not recognised for short-term leases with a lease term of 12 months or less for part of leased buildings of the Group.
- C. The carrying amounts of right-of-use assets and the depreciation charge are as follows:

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Buildings	<u>\$ 31,279</u>	<u>\$ 3,912</u>	<u>\$ 13,804</u>
	<u>Three months ended March 31</u>		
	<u>2021</u>	<u>2020</u>	
	<u>Depreciation charge</u>	<u>Depreciation charge</u>	
Buildings	<u>\$ 4,302</u>	<u>\$ 4,138</u>	

- D. For the three months ended March 31, 2021 and 2020, the additions to right-of-use assets were \$31,667 and \$0, respectively.
- E. Information on profit or loss not recognised as depreciation charge but in relation to lease contracts is as follows:

	<u>Three months ended March 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 117	\$ 111
Expense on short-term lease contracts	477	255
	<u>\$ 594</u>	<u>\$ 366</u>

- F. For the three months ended March 31, 2021 and 2020, the Group’s total cash outflow for leases were \$4,917 and \$4,522, respectively.
- G. The Group has applied the practical expedient to “Covid-19-related rent concessions”, and recognised the gain from changes in lease payments arising from the rent concessions amounting to \$327 by decreasing depreciation charge of right-of-use assets.

(9) Accounts payable

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Accounts payable	\$ 10,093	\$ 12,286	\$ 6,455
Project costs payable	34,250	37,504	34,588
	<u>\$ 44,343</u>	<u>\$ 49,790</u>	<u>\$ 41,043</u>

(10) Other payables

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Wages and bonus payable	\$ 50,815	\$ 93,299	\$ 47,735
Labor and health insurance fees payable	3,928	3,649	3,524
Employees' compensation and directors' and supervisors' remuneration payable	17,628	15,380	14,155
Other accrued expenses	13,801	19,579	13,033
	<u>\$ 86,172</u>	<u>\$ 131,907</u>	<u>\$ 78,447</u>

(11) Pensions

A. Defined benefit plan

- (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.
- (b) For the aforementioned pension plan, the Group recognised pension costs of \$737 and \$865 for the three months ended March 31, 2021 and 2020, respectively.
- (c) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2022 amount to \$1,798.

B. Defined contribution plans:

- (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount no 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 pension costs under the defined contribution pension plans of the Group for the three months ended March 31, 2021 and 2020 were \$3,175 and \$3,019, respectively.

(b) The Company's mainland China subsidiary, APLUSOFT (SUZHOU) CORPORATION, has a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on a certain percentage of employees' monthly salaries and wages. The contribution percentage was 7% for the three months ended March 31, 2021 and 2020. Other than the monthly contributions, the Group has no further obligations. The pension costs under the defined contribution pension plan of APLUSOFT (SUZHOU) CORPORATION for the three months ended March 31, 2021 and 2020 were \$71 and \$66, respectively.

(12) Provisions

	Warranty	
	2021	2020
Balance at January 1	\$ 8,641	\$ 1,101
Additional provisions	1,004	196
Used during the year	( 1,418)	( 265)
Unused amounts reversed	( 93)	( 420)
Balance at March 31	<u>\$ 8,134</u>	<u>\$ 612</u>

Analysis of total provisions:

	March 31, 2021	December 31, 2020	March 31, 2020
Current	<u>\$ 8,134</u>	<u>\$ 8,641</u>	<u>\$ 612</u>

The Group provides warranties on project contract. Provision for warranty is estimated based on historical warranty data.

(13) Share capital

As of March 31, 2021, the Company's authorised capital was \$1,156,000 (including 10 million shares reserved for employee stock options and 20 million shares reserved for convertible bonds issued by the Company), and the paid-in capital was \$472,539, consisting of 47,254 thousand shares of ordinary stock, with a par value of \$10 (in dollars) per share.

(14) Capital surplus

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

2021					
	Share premium	Treasury share transactions	Donated assets received	Changes in equity of associates and joint ventures accounted for using equity method	Total
At January 1 and March 31	\$ 92,839	\$ 48,738	\$ 209	\$ 1,179	\$ 142,965
2020					
	Share premium	Treasury share transactions	Donated assets received	Changes in equity of associates and joint ventures accounted for using equity method	Total
At January 1 and March 31	\$ 92,839	\$ 48,738	\$ 141	\$ 1,179	\$ 142,897

(15) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall be distributed in the following methods and order:
  - (a) Pay all taxes.
  - (b) Offset prior years' operating losses.
  - (c) 10% of the remaining amount shall be set aside as legal reserve.
  - (d) Set aside or reverse a special reserve in accordance with related laws.

The remaining earnings shall be distributed as dividends to shareholders which shall be proposed by the Board of Directors and resolved by the shareholders, The Board of Directors may decide not to distribute earnings for operation needs.
- B. As the Company is engaged in information technology, which is a rapidly advance and growing market, the dividend policy of the Company is based on the Company's capital expenditure requirement and optimal financial plan for long-term operations. When the Board of Directors propose the distribution of retained earnings after deducting (a)~(d) above, the Board of Directors will propose the distribution of cash dividends and share dividends based on the operating requirements. Cash dividends shall comprise not less than 10% of total dividends distributed. However, the proportion of cash dividend could be adjusted based on the operating situation of current year.
- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.



D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

E. Distribution of retained earnings:

On March 22, 2021, the Board of Directors proposed and approved the distribution of 2020 retained earnings, and on June 19, 2020, the shareholders during their meeting resolved the distribution of 2019 retained earnings. The distribution of retained earnings is as follows:

	<u>Year ended December 31, 2020</u>		<u>Year ended December 31, 2019</u>	
	<u>Amount</u>	<u>Dividend per share (in dollars)</u>	<u>Amount</u>	<u>Dividend per share (in dollars)</u>
Legal reserve	\$ 9,026		\$ 7,650	
Appropriation for special reserve	( 2,900)		1,534	
Cash dividends	70,881	\$ 1.50	67,316	\$ 1.42

Abovementioned distribution of 2020 retained earnings has not yet been resolved at the stockholders' meeting.

(16) Operating revenue

	<u>Three months ended March 31</u>	
	<u>2021</u>	<u>2020</u>
Revenue from contracts with customers		
Sales revenue	\$ 6,180	\$ 26,780
Services revenue	166,135	161,024
	<u>\$ 172,315</u>	<u>\$ 187,804</u>

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major geographical regions:

<u>Three months ended March 31, 2021 (Note)</u>	<u>Asia</u>	<u>America</u>	<u>Taiwan</u>	<u>Others</u>	<u>Total</u>
Total segment revenue					
Revenue from external customer contracts	\$ 21,274	\$ 80	\$ 150,106	\$ 855	\$ 172,315
Inter-segment	4,473	-	-	-	4,473
	<u>\$ 25,747</u>	<u>\$ 80</u>	<u>\$ 150,106</u>	<u>\$ 855</u>	<u>\$ 176,788</u>
Timing of revenue recognition					
At a point in time	\$ 952	\$ -	\$ 5,228	\$ -	\$ 6,180
Over time	20,322	80	144,878	855	166,135
	<u>\$ 21,274</u>	<u>\$ 80</u>	<u>\$ 150,106</u>	<u>\$ 855</u>	<u>\$ 172,315</u>

Three months ended March 31, 2020 (Note)	Asia	America	Taiwan	Others	Total
Total segment revenue					
Revenue from external customer contracts	\$ 19,184	\$ 95	\$ 168,486	\$ 39	\$ 187,804
Inter-segment	<u>2,127</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,127</u>
	<u>\$ 21,311</u>	<u>\$ 95</u>	<u>\$ 168,486</u>	<u>\$ 39</u>	<u>\$ 189,931</u>
Timing of revenue recognition					
At a point in time	\$ 1,688	\$ 14	\$ 25,078	\$ -	\$ 26,780
Over time	<u>17,496</u>	<u>81</u>	<u>143,408</u>	<u>39</u>	<u>161,024</u>
	<u>\$ 19,184</u>	<u>\$ 95</u>	<u>\$ 168,486</u>	<u>\$ 39</u>	<u>\$ 187,804</u>

Note: Segmental information is provided in Note 14.

#### B. Contract assets and liabilities

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

	March 31, 2021	December 31, 2020	March 31, 2020	January 1, 2020
Contract assets - customer contract	<u>\$ 94,923</u>	<u>\$ 79,030</u>	<u>\$ 81,002</u>	<u>\$ 72,065</u>
Contract liabilities - advance receipt from customers	<u>\$ 180,536</u>	<u>\$ 175,210</u>	<u>\$ 167,638</u>	<u>\$ 151,481</u>

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

	Three months ended March 31	
	2021	2020
Revenue recognised that was included in the contract liabilities balance at the beginning of the period		
Advance receipts	<u>\$ 31,026</u>	<u>\$ 18,950</u>

The Group does not expect to have any contracts wherein the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year or contracts that are billed in accordance with actual service hour. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

(17) Interest income

	Three months ended March 31	
	2021	2020
Interest income from bank deposits	\$ 471	\$ 1,138
Interest income from financial assets measured at amortised cost	467	843
	<u>\$ 938</u>	<u>\$ 1,981</u>

(18) Other income

	Three months ended March 31	
	2021	2020
Commission income	\$ 104	\$ 131
Other income	423	1,108
	<u>\$ 527</u>	<u>\$ 1,239</u>

(19) Other gains and losses

	Three months ended March 31	
	2021	2020
Foreign exchange (losses) gains	(\$ 572)	\$ 184
Miscellaneous disbursements	( 117)	( 75)
	<u>(\$ 689)</u>	<u>\$ 109</u>

(20) Expenses by nature

	Three months ended March 31	
	2021	2020
Employee benefit expense	\$ 108,335	\$ 108,726
Depreciation charges on property, plant and equipment	673	807
Depreciation charges on right-of-use assets	4,302	4,138
Amortizations	66	96
Advertising costs	181	181
Operating lease payments	477	255
Traveling expense	635	855
Service fees	2,656	2,006
Outsourcing software	38,874	44,146
(Reversal of) provision for expected credit losses	( 398)	3,542
Other expenses	6,423	242
Cost of sales	4,573	23,339
Operating costs and expenses	<u>\$ 166,797</u>	<u>\$ 188,333</u>

(21) Employee benefit expense

	Three months ended March 31	
	2021	2020
Wages and salaries	\$ 92,581	\$ 94,687
Labor and health insurance fees	8,125	7,314
Pension costs	3,983	3,950
Other personnel expenses	3,646	2,775
	<u>\$ 108,335</u>	<u>\$ 108,726</u>

As of March 31, 2021 and 2020, the Group had 312 and 310 employees, respectively.

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall not be lower than 5% and not higher than 15% for employees' compensation and shall not be higher than 3% for directors' and supervisors' remuneration.

B. For the three months ended March 31, 2021 and 2020, employees' compensation was accrued at \$1,686 and \$613, respectively; while directors' and supervisors' remuneration was accrued at \$562 and \$204 respectively. The aforementioned amounts were recognised in salary expenses.

Employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on 9% and 3% of distributable profit of current year, respectively.

Employees' compensation and directors' remuneration for 2020 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2020 financial statements.

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

(22) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Three months ended March 31	
	2021	2020
Current tax:		
Current tax on profits for the period	\$ -	\$ 17
Tax on undistributed surplus earnings	663	-
Total current tax	<u>663</u>	<u>17</u>
Deferred tax:		
Origination and reversal of temporary differences	<u>1,728</u>	<u>532</u>
Income tax expense	<u>\$ 2,391</u>	<u>\$ 549</u>

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

	Three months ended March 31	
	2021	2020
Changes in fair value of financial assets at fair value through other comprehensive income	\$ -	\$ 76
Currency translation differences	( 114)	( 146)

B. As of March 31, 2021, the Company's income tax returns through 2018 have been assessed and approved by the Tax Authority.

C. ARES GROUP CORP., WELJOIN TECHNOLOGIES LIMITED (BVI) and SHARP KEEN MANAGEMENT LIMITED are companies that were established in Seychelles and British Virgin Islands, respectively. These companies have no income tax.

(23) Earnings per share

	Three months ended March 31, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 13,661	47,254	\$ 0.29
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 13,661	47,254	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	485	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 13,661	47,739	\$ 0.29

Three months ended March 31, 2020			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 5,307	47,254	\$ 0.11
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 5,307	47,254	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	666	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 5,307	47,920	\$ 0.11

(24) Changes in liabilities from financing activities

	2021		2020	
	Liabilities from financing		Liabilities from financing	
	Lease liabilities	activities-gross	Lease liabilities	activities-gross
At January 1	\$ 4,000	\$ 4,000	\$ 18,462	\$ 18,462
Changes in cash flow from financing activities	( 4,440)	( 4,440)	( 4,267)	( 4,267)
Impact of changes in foreign exchange rate	2	2	( 178)	( 178)
Changes in other non-cash items	31,784	31,784	111	111
At March 31	\$ 31,346	\$ 31,346	\$ 14,128	\$ 14,128

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
ARGO INTERNATIONAL CORPORATION	Associate
M-Power Information Co., Ltd.	Associate
ARES INTERNATIONAL (THAILAND) CO., LTD.	Associate
MiTAC INC.	Key management
SHUTTLE INC.	Other related party

(2) Significant related party transactions

A. Operating revenue

	Three months ended March 31	
	2021	2020
Sales of goods:		
-Other related parties	\$ 45	\$ 67
-Key management	532	45
	<u>\$ 577</u>	<u>\$ 112</u>

Most of the transactions in relation to sales, services and maintenance made with related parties are separate cases, thus the transaction prices are determined based on mutual agreement. Except for the payment term of 60 days after monthly billings, other terms would be available to third parties.

B. Purchases

	Three months ended March 31	
	2021	2020
Purchases of goods:		
-Associates	\$ 45	\$ 1,273
Purchases of services:		
-Associates	3,035	10,689
	<u>\$ 3,080</u>	<u>\$ 11,962</u>

(a) The Group's purchases are made for each system integration projects and are only purchased from related parties. Therefore, the purchase price is determined based on mutual agreement. Except for the payment term of 60 days after monthly billings, other terms would be available to third parties.

(b) Most of the transactions in relation to services and maintenance made with related parties are separate cases, thus the transaction prices are determined based on mutual agreement. Except for the payment term of 60 days after monthly billings, other terms would be available to third parties.

C. Receivables from related parties

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Accounts receivable			
-ARGO			
INTERNATIONAL			
CORPORATION	<u>\$ -</u>	<u>\$ 682</u>	<u>\$ -</u>

#### D. Payables to related parties

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Accounts payable			
-ARGO			
INTERNATIONAL			
CORPORATION	\$ 884	\$ 532	\$ 1,821
-M-Power Information			
Co., Ltd.	-	74	-
	<u>\$ 884</u>	<u>\$ 606</u>	<u>\$ 1,821</u>

#### E. Prepayments

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Associates	<u>\$ 187</u>	<u>\$ -</u>	<u>\$ 180</u>

F. In 2021 and 2018, the Group entered into a three-year Argo ERP maintenance contract with an associate in the amount of \$748 and \$720, respectively. The aforementioned amount was recognised in prepayments amounting to \$62 and \$60 as of March 31, 2021 and 2020 respectively, and recognised in operating expenses amounting to \$187 and \$180 for the three months ended, respectively.

G. The Group paid the service fee to an associate. For the three months ended March 31, 2021 and 2020, operating expense was recognised amounting to \$51 and \$60, respectively.

#### (3) Key management compensation

	<u>Three months ended March 31</u>	
	<u>2021</u>	<u>2020</u>
Salaries and other short-term employees' benefits	<u>\$ 20,234</u>	<u>\$ 19,063</u>

#### 8. PLEDGED ASSETS

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

	<u>Book value</u>			
<u>Pledged asset</u>	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>	<u>Purpose</u>
Pledged as time deposits	\$ 4,575	\$ 4,575	\$ 4,575	Bid bond
(shown as financial assets				
at amortised cost - current)				
Guarantee deposits paid	41,557	46,214	45,876	Bid bond and
(shown as other current				performance
assets)				bond
Guarantee deposits paid				Guarantees
(shown as other non-				provided
current assets)	7,685	7,447	7,678	for leasing
	<u>\$ 53,817</u>	<u>\$ 58,236</u>	<u>\$ 58,129</u>	



9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

A. Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Software products	<u>\$ 2,661</u>	<u>\$ 9,311</u>	<u>\$ 5,541</u>

B. As of March 31, 2020, the Group issued promissory notes amounting to \$240 for the execution of contract projects.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

There was no significant change during the reporting period. Please refer to Note 12 in the consolidated financial statements for the year ended December 31, 2020.

(2) Financial instruments

A. Financial instruments by category

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
<u>Financial assets</u>			
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	\$ -	\$ -	\$ 1,403
Financial assets at amortised cost/Loans and receivables			
Cash and cash equivalents	589,108	618,306	520,178
Current financial assets at amortised cost	278,065	286,211	279,998
Notes receivable	778	1,058	2,574
Accounts receivable	80,167	109,095	98,957
Accounts receivable due from related parties	-	682	-
Other receivables	968	1,397	2,235
Guarantee deposits paid (shown as other current assets)	41,557	46,214	45,876
Guarantee deposits paid (shown as other non-current assets)	7,685	7,447	7,678
	<u>\$ 998,328</u>	<u>\$ 1,070,410</u>	<u>\$ 958,899</u>
	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
<u>Financial liabilities</u>			
Financial liabilities at amortised cost			
Notes payable	\$ 14	\$ -	\$ -
Accounts payable	44,343	49,790	41,043
Accounts payable to related parties	884	606	1,821
Other payables	86,172	131,907	78,447
Lease liabilities	31,346	4,000	14,128
	<u>\$ 162,759</u>	<u>\$ 186,303</u>	<u>\$ 135,439</u>

B. Financial risk management policies

There was no significant change during the reporting period. Please refer to Note 12 in the consolidated financial statements for the year ended December 31, 2020.

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

### (a) Market risk

#### Foreign exchange risk

- i. The Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and RMB. Exchange rate risk arises from future commercial transactions and recognised assets and liabilities.
- ii. The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.
- iii. The Group's businesses involve some non-functional currency operations (the Company's functional currency: NTD; other certain subsidiaries' functional currency: USD and RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

March 31, 2021			
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 8,075	28.54	\$ 230,461
HKD:NTD	13,601	3.67	49,916
AUD:NTD	480	21.71	10,421
EUR:NTD	114	33.48	3,817
RMB:NTD	20,314	4.34	88,163
<u>Non-monetary items</u>			
USD:NTD	2,169	28.54	61,903
THB:NTD	7,589	0.91	6,906

  

December 31, 2020			
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 7,981	28.48	\$ 227,299
HKD:NTD	12,809	3.67	47,009
AUD:NTD	480	21.95	10,536
EUR:NTD	114	35.02	3,992
RMB:NTD	22,502	4.38	98,559
<u>Non-monetary items</u>			
USD:NTD	1,969	28.48	56,077
THB:NTD	8,276	0.96	7,945

March 31, 2020			
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 8,011	30.23	\$ 242,173
HKD:NTD	10,275	3.90	40,073
AUD:NTD	478	18.64	8,910
EUR:NTD	114	33.24	3,789
RMB:NTD	19,778	4.26	84,254
<u>Non-monetary items</u>			
USD:NTD	539	30.23	16,294
THB:NTD	7,371	0.93	6,855

- iv. Please refer to the following table for the details of unrealised exchange gain (loss) arising from significant foreign exchange variation on the monetary items held by the Group.

Three months ended March 31, 2021			
	Exchange gain (loss)		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD		28.54	\$ 458
HKD:NTD		3.67	32
AUD:NTD		21.71	( 115)
EUR:NTD		33.48	( 175)
RMB:NTD		4.34	( 279)
Three months ended March 31, 2020			
	Exchange loss		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD		30.23	\$ 1,969
HKD:NTD		3.90	496
AUD:NTD		18.64	( 1,132)
EUR:NTD		33.24	( 40)
RMB:NTD		4.26	( 939)

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

Three months ended March 31, 2021				
Sensitivity analysis				
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income	
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1.00%	\$ 2,305	\$	-
HKD:NTD	1.00%	499		-
AUD:NTD	1.00%	104		-
EUR:NTD	1.00%	38		-
RMB:NTD	1.00%	882		-
<u>Non-monetary items</u>				
USD:NTD	1.00%	-		619
THB:NTD	1.00%	-		69
Three months ended March 31, 2020				
Sensitivity analysis				
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income	
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1.00%	\$ 2,422	\$	-
HKD:NTD	1.00%	401		-
AUD:NTD	1.00%	89		-
EUR:NTD	1.00%	38		-
RMB:NTD	1.00%	843		-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1.00%	-		163
THB:NTD	1.00%	-		69

#### Price risk

- The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- The Group's investments in equity securities comprise domestic beneficiary certificates and equity instrument issued by foreign listed companies. The prices of equity securities

would change due to the variation of the future value of investee companies. If the prices of these equity securities had increased or decreased by 1% with all other variables held constant, post-tax profit for the three months ended March 31, 2021 and 2020 would have increased or decreased by \$0 and \$14, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortised cost.
- ii. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

- iii. The Group adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

- iv. The Group adopts the assumption under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.
- v. The Group classifies customers' accounts receivable and contract assets in accordance with customer types. The Group applies the simplified approach using the provision matrix, loss rate methodology to estimate expected credit loss.
- vi. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
  - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;
  - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
  - (iii) Default or delinquency in interest or principal repayments;
  - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.

vii. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable and contract assets. On March 31, 2021, December 31, 2020, and March 31, 2020, the provision matrix and loss rate methodology are as follows:

Group 1	Not past due	Up to 90 days	91-180 days	181-270 days	Over 270 days	Total
<u>March 31, 2021</u>						
Expected loss rate	0%	0.05%~ 0.26%	0.56%~ 5.27%	14.99%~ 58.33%	100%	
Total book value	\$ 54,543	\$ 19,910	\$ 227	\$ -	\$ 6,652	\$ 81,332
Loss allowance	\$ 2	\$ 10	\$ 1	\$ -	\$ 6,652	\$ 6,665
Group 1	Not past due	Up to 90 days	91-180 days	181-270 days	Over 270 days	Total
<u>December 31, 2020</u>						
Expected loss rate	0%	0.01%~ 0.04%	0.07%~ 0.22%	0.66%~ 16.23%	100%	
Total book value	\$ 78,472	\$ 11,297	\$ 1,386	\$ -	\$ 7,067	\$ 98,222
Loss allowance	\$ 1	\$ 2	\$ 1	\$ -	\$ 7,067	\$ 7,071
Group 1	Not past due	Up to 90 days	91-180 days	181-270 days	Over 270 days	Total
<u>March 31, 2020</u>						
Expected loss rate	0%	0.01%~ 0.04%	0.07%~ 0.22%	0.66%~ 16.23%	100%	
Total book value	\$ 54,469	\$ 11,950	\$ 2,713	\$ 1,284	\$ 5,816	\$ 76,232
Loss allowance	\$ 109	\$ 121	\$ 81	\$ 127	\$ 5,353	\$ 5,791
		Group 2	Group 3		Total	
<u>March 31, 2021</u>						
Expected loss rate		0%		0%		
Total book value	\$	3,137	\$	2,363	\$	5,500
Loss allowance	\$	-	\$	-	\$	-
		Group 2	Group 3		Total	
<u>December 31, 2020</u>						
Expected loss rate		0%		0%		
Total book value	\$	11,273	\$	6,671	\$	17,944
Loss allowance	\$	-	\$	-	\$	

	Group 2	Group 3	Total
<u>March 31, 2020</u>			
Expected loss rate	0%	0%	
Total book value	\$ 25,457	\$ 3,059	\$ 28,516
Loss allowance	\$ -	\$ -	-

Group 1: General business

Group 2: Government-owned corporation

Group 3: Government organisations

As of March 31, 2021, December 31, 2020, and March 31, 2020, contract assets amounted to \$94,923, \$79,030 and \$81,002, respectively, and loss allowance was \$0 if measured at expected credit loss rate of 0%.

- ix. Movements in relation to the group applying the simplified approach to provide loss allowance for accounts receivable and contract assets are as follows:

	2021		
	Accounts receivable	Contract assets	Notes receivable
At January 1	\$ 7,071	\$ -	\$ -
Reversal of impairment loss	( 398)	-	-
Effects of foreign exchange	( 8)	-	-
At March 31	<u>\$ 6,665</u>	<u>\$ -</u>	<u>\$ -</u>
	2020		
	Accounts receivable	Contract assets	Notes receivable
At January 1	\$ 2,255	\$ -	\$ -
Impairment loss	3,542	-	-
Effects of foreign exchange	( 6)	-	-
At March 31	<u>\$ 5,791</u>	<u>\$ -</u>	<u>\$ -</u>

(c) Liquidity risk

- Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.
- The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.



<u>Non-derivative financial liabilities:</u>	Less than	Between 3	Between 2 and
March 31, 2021	3 months	months and 2 years	5 years
Notes payable	\$ 14	\$ -	\$ -
Accounts payable	42,908	1,435	-
Accounts payable to related parties	884	-	-
Other payables	58,536	27,636	-
Lease liabilities	4,281	26,255	1,801
<u>Non-derivative financial liabilities:</u>	Less than	Between 3	Between 2 and
December 31, 2020	3 months	months and 2 years	5 years
Accounts payable	\$ 48,774	\$ 1,016	\$ -
Accounts payable to related parties	606	-	-
Other payables	83,767	48,140	-
Lease liabilities	2,096	1,942	-
<u>Non-derivative financial liabilities:</u>	Less than	Between 3	Between 2 and
March 31, 2020	3 months	months and 2 years	5 years
Accounts payable	\$ 40,095	\$ 948	\$ -
Accounts payable to related parties	1,821	-	-
Other payables	52,360	26,087	-
Lease liabilities	4,438	9,867	-

### (3) Fair value information

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

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

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

Level 3: Unobservable inputs for the asset or liability.

B. Financial instruments not measured at fair value

Except for those listed in the table below, the carrying amounts of cash and cash equivalents, notes receivable, accounts receivable, other receivables, notes payable, accounts payable and other payables are approximate to their fair values.

C. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities are as follows:

March 31, 2021	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
December 31, 2020	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
March 31, 2020	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,403</u>	<u>\$ 1,403</u>

D. The methods and assumptions the Group used to measure fair value are as follows:

- (a) The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	<u>Listed shares</u>	<u>Closed-end fund</u>	<u>Open-end fund</u>
Market quoted price	Closing price	Closing price	Net asset value

- (b) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date (i.e. yield curves on the Taipei Exchange, average commercial paper interest rates quoted from Reuters).
- E. For the three months ended March 31, 2021 and 2020, there was no transfer between Level 1 and Level 2.
- F. For the three months ended March 31, 2021 and 2020, there was no transfer into or out from Level 3.
- G. Finance segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the

- exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.
- H. Valuation techniques of fair value that the Group used in level 3 are net asset value and market comparable companies. The significant unobservable input of market comparable companies is the discount for lack of marketability. If the input and discount for lack of marketability are higher, the fair value will be lower.

### 13. SUPPLEMENTARY DISCLOSURES

#### (1) Significant transactions information

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

#### (2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 2.

#### (3) Information on investments in Mainland China

- A. Basic information: Please refer to table 3.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

#### (4) Major shareholders information

Major shareholders information: Please refer to table 4.

### 14. SEGMENT INFORMATION

#### (1) General information

Management has determined the reportable operating segments based on the reports reviewed by

the Board of Directors that are used to make strategic decisions.

There is no material change in the basis for formation of entities and division of segments in the Group or in the measurement basis for segment information during this period.

(2) Segment information

The Group's segment profit and loss is measured with the operating income and loss, which is used as a basis for the Group in assessing the performance of the operating segments. The segment information provided to the Chief Operating Decision-Maker for the reportable segments is as follows:

Three months ended March 31, 2021:

	Commercial segment	Financial segment	Project segment	Total
Revenue from external customers	\$ 86,500	\$ 42,833	\$ 42,982	\$ 172,315
Inter-segment revenue	4,473	-	-	4,473
Total segment revenue	<u>\$ 90,973</u>	<u>\$ 42,833</u>	<u>\$ 42,982</u>	<u>\$ 176,788</u>
Segment income	<u>\$ 19,390</u>	<u>(\$ 9,056)</u>	<u>(\$ 343)</u>	<u>\$ 9,991</u>
Segment income (loss), including:				
Depreciation and amortisation	<u>(\$ 2,187)</u>	<u>(\$ 1,899)</u>	<u>(\$ 955)</u>	<u>(\$ 5,041)</u>

Three months ended March 31, 2020:

	Commercial segment	Financial business segment	Project segment	Total
Revenue from external customers	\$ 99,565	\$ 56,837	\$ 31,402	\$ 187,804
Inter-segment revenue	2,127	-	-	2,127
Total segment revenue	<u>\$ 101,692</u>	<u>\$ 56,837</u>	<u>\$ 31,402</u>	<u>\$ 189,931</u>
Segment income (loss)	<u>\$ 7,579</u>	<u>(\$ 6,455)</u>	<u>\$ 474</u>	<u>\$ 1,598</u>
Segment income (loss), including:				
Depreciation and amortisation	<u>(\$ 2,018)</u>	<u>(\$ 1,878)</u>	<u>(\$ 1,145)</u>	<u>(\$ 5,041)</u>

The Group did not disclose the information in relation to segment assets and segment liabilities as this information is not provided to the Chief Operating Decision-Maker.

(3) Reconciliation for segment income and loss

The segment operating income reported to the Chief Operating Decision-Maker is measured in a manner consistent with that in the statement of comprehensive income. The Group did not provide the amounts of total assets and total liabilities to the Chief Operating Decision-Maker for making operating decisions. The reconciliation on segment revenue, operating revenue, segment income/loss and income/loss before tax from continuing operations of reportable segment are as follows:

Profit or loss	Three months ended March 31	
	2021	2020
Total reportable segment revenue	\$ 176,788	\$ 189,931
Write-off of inter-segment revenue	( 4,473)	( 2,127)
Operating revenue	<u>\$ 172,315</u>	<u>\$ 187,804</u>
Profit or loss	Three months ended March 31	
	2021	2020
Segment income	\$ 9,991	\$ 1,598
Adjustments and write-offs	( 4,473)	( 2,127)
Non-operating income and expenses	<u>10,668</u>	<u>6,357</u>
Income before tax from continuing operations	<u>\$ 16,186</u>	<u>\$ 5,828</u>

Ares International Corp.  
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)  
Three months ended March 31, 2021

Table 1

Expressed in thousands of NTD  
(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of March 31, 2021				
				Number of shares	Book value (Note 3)	Ownership (%)	Fair value	Footnote (Note 4)
Ares International Corp.	Common shares/Formosa First Country Club	-	Financial assets at fair value through other comprehensive income	2,025	\$ -	0.01%	\$ -	-

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities in accordance with IFRS 9, 'Financial instruments'.

Note 2: Leave the column blank if the issuer of marketable securities is a non-related party.

Note 3: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortised cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 4: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

Ares International Corp.

Names, locations, and related information on investees (excluding information on investment in Mainland China)

Three months ended March 31, 2021

Table 2

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investor	Investee (Note 1 and 2)	Location	Main business activities	Initial investment amount		Shares held as at March 31, 2021			Net profit (loss) of the investee for the three months ended March 31, 2021 (Note 2(2))		Investment income (loss) recognised by the Company for the three months ended March 31, 2021 (Note 2(3))		Footnote
				Balance as at March 31, 2021	Balance as at December 31, 2020	Number of shares	Ownership (%)	Book value					
Ares International Corp.	ARGO INTERNATIONAL CORPORATION	Taiwan	Provides professional service of computer application software and sells computer peripheral equipments	\$ 14,014	\$ 14,014	1,567,476	34.83	\$ 25,220	\$ 8,502	\$ 2,961			
Ares International Corp.	M-Power Information Co., Ltd.	Taiwan	Agency and sale of database system and professional service of software	21,493	21,493	2,438,527	24.39	46,486	23,865	5,821			
Ares International Corp.	ARES GROUP CORP.	Seychelles	Investment business	35,029	35,029	1,500,000	100	18,997	1,874	1,874	Subsidiary		
Ares International Corp.	ARES INTERNATIONAL (THAILAND) CO., LTD.	Thailand	Provides professional service of computer application software and sells computer peripheral equipments	6,865	6,865	1,470,000	49	6,943 (	1,321) (	647)			
APLUSOFT CO., LTD.	WELJOIN TECHNOLOGIES LIMITED (BVI)	British Virgin Islands	Investment business	26,177	26,177	50,000	100	43,194	3,049	3,049	Subsidiary		
ARES GROUP CORP.	SHARP KEEN MANAGEMENT LIMITED	British Virgin Islands	Investment business	34,115	34,115	1,120,000	100	18,697	1,874	Note 3	Second-tire subsidiary		
SHARP KEEN MANAGEMENT LIMITED	BLITZ IT CONSULTANTS PTE LTD.	Singapore	Agency of computer software and internet	33,256	33,256	484,000	25	18,637	7,496	Note 3			

Note 1: If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

Note 2: If situation does not belong to Note 1, fill in the columns according to the following regulations:

- (1)The columns of ‘Investee’, ‘Location’, ‘Main business activities’, Initial investment amount’ and ‘Shares held as at March 31, 2021’ should fill orderly in the Company’s (public company’s) information on investees and every directly or indirectly controlled investee’s investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the ‘footnote’ column.
- (2)The ‘Net profit (loss) of the investee for the three months ended March 31, 2021’ column should fill in amount of net profit (loss) of the investee for this period.
- (3)The ‘Investment income (loss) recognised by the Company for the three months ended March 31, 2021’ column should fill in the Company (public company) recognised investment income (loss) of its direct subsidiary and recognised investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognised investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary’s net profit (loss) for this period has included its investment income (loss) which shall be recognised by regulations.

Note 3: Investment income (loss) for the period was recognised by subsidiaries of investees.

Ares International Corp.  
Information on investments in Mainland China  
Three months ended March 31, 2021

Table 3

Expressed in thousands of NTD  
(Except as otherwise indicated)

<u>Investment flows</u>													
Investee in Mainland China	Main business activities	Paid-in capital (Note 3)	Investment method	Beginning balance of accumulated outflow of investment from Taiwan	Remitted to Mainland China	Remitted back to Taiwan	Ending balance of accumulated outflow of investment from Taiwan	Net income of investee for the three months ended March 31, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the three months ended March 31, 2021 ( Note 2 )	Book value of investments in Mainland China as of March 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2021	Note
APLUSOFT (SUZHOU) CORPORATION.	Research and development of enterprise management software and sale of self-produce product of the Company	\$ 25,228	Note 1	\$ 23,806	-	-	\$ 23,806	\$ 3,239	95.88	\$ 3,105	\$ 34,574	-	

Note 1: Through investing in an existing company in the third area, which then invested in the investee in Mainland China. The investee in the third area is WELJOIN TECHNOLOGIES LIMITED (BVI).

Note 2: The financial statements were not reviewed by independent auditors.

Note 3: The paid-in capital of Aplusoft (Suzhou) Corporation amounted to RMB5,215,000 (USD750,592).

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2021	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Ares International Corp.	\$ 73,252	\$ 86,349	\$ 469,382



Ares International Corp.  
Major shareholders information  
March 31, 2021

Table 4

Name of major shareholders	Shares	
	Name of shares held	Ownership (%)
YU, HONG-YANG	\$ 3,282,449	6.94%

Note1: (1) The major shareholders information was derived from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and he the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded in the financial statements is different from the actual number of shares issued in dematerialised form because of the different calculation basis or the differences.

(2) If the aforementioned data contains shares which were held in trust by the shareholders, the data was disclosed as separate account of client which was set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio greater than 10% in accordance with Securities and Exchange Act, the shareholding ratio includes the self-owned shares and trusted shares, at the same time, the shareholders have power to decide how to allocate the trust assets. For the information of reported share equity of insider, please refer to Market Observation Post System.