

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

**Addcn Technology Co., Ltd AND SUBSIDIARIES**

**Consolidated Financial Statements**

**With Independent Auditors' Report  
For the Years Ended December 31, 2020 and 2019**

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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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## Representation Letter

The entities that are required to be included in the combined financial statements of Addcn Technology Co., Ltd as of and for the year ended December 31, 2020 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 endorsed by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Addcn Technology Co., Ltd and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Addcn Technology Co., Ltd

Chairman: Shi-Fang Liao

Date: March 18, 2021

## Independent Auditors' Report

To the Board of Directors of Addcn Technology Co., Ltd:

### Opinion

We have audited the consolidated financial statements of Addcn Technology Co., Ltd and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the consolidated statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## 1. Revenue recognition

Please refer to note 4(n) for the accounting policy of “Revenue” and note 6(r) for composition of revenue.

Description of key audit matter:

Sales Revenue of the Group is mainly generated from operating online platforms. The way of revenue recognition varies by different types of transactions and its economic substances. Also, there is a large volume of transactions through the online platforms day-by-day with system-controlled trading information and procedures.

Therefore, transaction information and the timing of revenue recognition is an important issue in our audit of the consolidated financial statements.

How the matter was addressed in our audit:

Our principal audit procedures included: understanding trading model of each online platform and its principal system-based application control and manual control, including involving IRM specialist in testing the general information technology environment and related application control of their main transaction processes; obtaining the monthly income statement generated by the system of online platforms, assessing whether the system processes transaction information appropriately, and inspecting some samples of accounting vouchers to see if they agree with the monthly income statement generated by the system.

### Other Matter

Adden Technology Co., Ltd has prepared its parent-company-only financial statements as of and for the years ended December 31, 2020 and 2019, on which we have issued an unqualified opinion.

### Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, IFRC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the supervisors) are responsible for overseeing the Group’s financial reporting process.

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Cheng-Chien Chen and Yung-Hua Huang.

KPMG

Taipei, Taiwan (Republic of China)  
March 18, 2021

#### **Notes to Readers**

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

The independent auditors' audit 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' audit report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
Adden Technology Co., Ltd AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

|                        |                                                                                | December 31, 2020   |            | December 31, 2019 |            |                                 |                                                                | December 31, 2020   |            | December 31, 2019 |            |
|------------------------|--------------------------------------------------------------------------------|---------------------|------------|-------------------|------------|---------------------------------|----------------------------------------------------------------|---------------------|------------|-------------------|------------|
|                        |                                                                                | Amount              | %          | Amount            | %          |                                 |                                                                | Amount              | %          | Amount            | %          |
| <b>Assets</b>          |                                                                                |                     |            |                   |            | <b>Liabilities and Equity</b>   |                                                                |                     |            |                   |            |
| <b>Current assets:</b> |                                                                                |                     |            |                   |            | <b>Current liabilities:</b>     |                                                                |                     |            |                   |            |
| 1100                   | Cash and cash equivalents (note 6(a))                                          | \$ 725,288          | 25         | 670,101           | 24         | 2151                            | Notes payable and trade payable                                | \$ 3,600            | -          | 205               | -          |
| 1170                   | Notes and trade receivable, net (note 6(d)(r))                                 | 76,349              | 3          | 87,691            | 3          | 2200                            | Other payables (note 6(k) and 7)                               | 323,109             | 11         | 288,003           | 10         |
| 1181                   | Trade receivable due from related parties (note 7)                             | 55,591              | 2          | 64,777            | 2          | 2130                            | Contract liabilities (note 6(r))                               | 244,276             | 8          | 211,590           | 8          |
| 1476                   | Other current financial assets (note 6(l), 7 and 8)                            | 573,479             | 20         | 569,939           | 21         | 2335                            | Receipts under custody (note 6(k))                             | 437,327             | 15         | 427,202           | 16         |
| 1479                   | Other current assets, others (note 6(j))                                       | 18,392              | -          | 16,796            | 1          | 2399                            | Other current liabilities, others                              | 4,813               | -          | 5,270             | -          |
|                        |                                                                                | 1,449,099           | 50         | 1,409,304         | 51         |                                 |                                                                | 1,013,125           | 34         | 932,270           | 34         |
| Non-current assets:    |                                                                                |                     |            |                   |            | <b>Non-Current liabilities:</b> |                                                                |                     |            |                   |            |
| 1510                   | Non-current financial assets at fair value through profit or loss(note 6(b))   | 22,809              | 1          | -                 | -          | 2645                            | Guarantee deposits received                                    | 47,730              | 2          | 36,332            | 2          |
| 1518                   | Equity investment at fair value through other comprehensive income (note 6(c)) | 126,332             | 4          | 227,250           | 8          | 2670                            | Other non-current liabilities, others (note 6(n))              | 5,701               | -          | 7,870             | -          |
| 1521                   | Debt investment at fair value through other comprehensive income (note 6(c))   | 14,965              | 1          | 32,056            | 1          |                                 |                                                                | 53,431              | 2          | 44,202            | 2          |
| 1550                   | Investments accounted for using equity method (note 6(e))                      | 49,714              | 2          | 35,988            | 1          |                                 | <b>Total liabilities</b>                                       | 1,066,556           | 36         | 976,472           | 36         |
| 1600                   | Property, plant and equipment (note 6(f))                                      | 826,785             | 29         | 783,078           | 29         | 3110                            | <b>Equity attributable to owners of parent (note 6(o)(p)):</b> |                     |            |                   |            |
| 1760                   | Investment property, net (note 6(g))                                           | 282,705             | 10         | 107,401           | 4          | 3200                            | Ordinary share                                                 | 429,385             | 15         | 425,755           | 15         |
| 1780                   | Intangible assets (note 6(h))                                                  | 93,832              | 3          | 102,208           | 4          | 3300                            | Capital surplus                                                | 378,336             | 13         | 341,866           | 12         |
| 1840                   | Deferred tax assets (note 6(n))                                                | 10,904              | -          | 15,245            | 1          | 3400                            | Retained earnings                                              | 1,345,987           | 47         | 1,207,146         | 44         |
| 1995                   | Other non-current assets, others (note 6(j))                                   | 20,516              | -          | 35,042            | 1          |                                 | Other equity interest                                          | (336,631)           | (12)       | (223,776)         | (8)        |
|                        |                                                                                | 1,448,562           | 50         | 1,338,268         | 49         |                                 | <b>Total equity attributable to owners of parent:</b>          | 1,817,077           | 63         | 1,750,991         | 63         |
|                        |                                                                                |                     |            |                   |            | 36XX                            | Non-controlling interests                                      | 14,028              | 1          | 20,109            | 1          |
|                        |                                                                                |                     |            |                   |            |                                 | <b>Total equity</b>                                            | 1,831,105           | 64         | 1,771,100         | 64         |
| <b>Total assets</b>    |                                                                                | <b>\$ 2,897,661</b> | <b>100</b> | <b>2,747,572</b>  | <b>100</b> |                                 | <b>Total liabilities and equity</b>                            | <b>\$ 2,897,661</b> | <b>100</b> | <b>2,747,572</b>  | <b>100</b> |



(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**Adden Technology Co., Ltd AND SUBSIDIARIES**  
**Consolidated Statements of Comprehensive Income**  
**For the years ended December 31, 2020 and 2019**  
**(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)**

|      |                                                                                                                          | <b>2020</b>       |            | <b>2019</b>      |            |
|------|--------------------------------------------------------------------------------------------------------------------------|-------------------|------------|------------------|------------|
|      |                                                                                                                          | <b>Amount</b>     | <b>%</b>   | <b>Amount</b>    | <b>%</b>   |
| 4000 | Operating revenue (note 6(r) and 7)                                                                                      | \$ 1,539,775      | 100        | 1,468,031        | 100        |
| 5000 | Operating costs (note 6(f)(g)(m)(p)(s))                                                                                  | <u>344,728</u>    | <u>22</u>  | <u>312,933</u>   | <u>21</u>  |
| 5900 | <b>Gross profit from operations</b>                                                                                      | <u>1,195,047</u>  | <u>78</u>  | <u>1,155,098</u> | <u>79</u>  |
| 6000 | <b>Operating expenses (note 6(d)(f)(g)(h)(m)(p)(s) and 7):</b>                                                           |                   |            |                  |            |
| 6100 | Selling expenses                                                                                                         | 199,576           | 13         | 176,924          | 12         |
| 6200 | Administrative expenses                                                                                                  | 222,128           | 15         | 202,597          | 14         |
| 6300 | Research and development expenses                                                                                        | 51,785            | 3          | 45,654           | 3          |
| 6450 | Impairment loss determined in accordance with IFRS 9                                                                     | <u>-</u>          | <u>-</u>   | <u>12,781</u>    | <u>1</u>   |
|      | <b>Total operating expenses</b>                                                                                          | <u>473,489</u>    | <u>31</u>  | <u>437,956</u>   | <u>30</u>  |
| 6900 | <b>Net operating income</b>                                                                                              | <u>721,558</u>    | <u>47</u>  | <u>717,142</u>   | <u>49</u>  |
|      | <b>Non-operating income and expenses (note 6(b)(c)(t) and 7):</b>                                                        |                   |            |                  |            |
| 7100 | Interest income                                                                                                          | 4,008             | -          | 4,919            | -          |
| 7010 | Other income                                                                                                             | 28,276            | 2          | 15,302           | 1          |
| 7020 | Other gains and losses, net                                                                                              | (4,089)           | -          | 1,098            | -          |
| 7050 | Finance costs                                                                                                            | (166)             | -          | (289)            | -          |
| 7375 | Share of profit of associates accounted for using equity method (note 6(e))                                              | <u>29,206</u>     | <u>2</u>   | <u>17,382</u>    | <u>1</u>   |
|      | <b>Total non-operating income and expenses</b>                                                                           | <u>57,235</u>     | <u>4</u>   | <u>38,412</u>    | <u>2</u>   |
|      | <b>Profit before income tax</b>                                                                                          | <u>778,793</u>    | <u>51</u>  | <u>755,554</u>   | <u>51</u>  |
| 7951 | Less: income tax expenses (note 6(n))                                                                                    | 156,622           | 11         | 154,702          | 11         |
|      | <b>Profit</b>                                                                                                            | <u>622,171</u>    | <u>40</u>  | <u>600,852</u>   | <u>40</u>  |
| 8300 | <b>Other comprehensive income:</b>                                                                                       |                   |            |                  |            |
| 8310 | <b>Items that will not be reclassified subsequently to profit or loss</b>                                                |                   |            |                  |            |
| 8316 | Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income       | (25,287)          | (1)        | (743)            | -          |
| 8349 | Income tax related to components of other comprehensive income that will not be reclassified to profit or loss           | <u>-</u>          | <u>-</u>   | <u>-</u>         | <u>-</u>   |
|      |                                                                                                                          | <u>(25,287)</u>   | <u>(1)</u> | <u>(743)</u>     | <u>-</u>   |
| 8360 | <b>Items that will be reclassified subsequently to profit or loss</b>                                                    |                   |            |                  |            |
| 8361 | Exchange differences on translation                                                                                      | (2,387)           | -          | (23,094)         | (1)        |
| 8367 | Unrealized gains (losses) from investments in debt instruments measured at fair value through other comprehensive income | 1,748             | -          | 39               | -          |
| 8399 | Income tax related to components of other comprehensive income that will be reclassified to profit or loss               | <u>-</u>          | <u>-</u>   | <u>-</u>         | <u>-</u>   |
|      |                                                                                                                          | <u>(639)</u>      | <u>-</u>   | <u>(23,055)</u>  | <u>(1)</u> |
| 8300 | <b>Other comprehensive income</b>                                                                                        | <u>(25,926)</u>   | <u>(1)</u> | <u>(23,798)</u>  | <u>(1)</u> |
|      | <b>Total comprehensive income</b>                                                                                        | <u>\$ 596,245</u> | <u>39</u>  | <u>577,054</u>   | <u>39</u>  |
|      | <b>Profit attributable to:</b>                                                                                           |                   |            |                  |            |
| 8610 | Owners of parent                                                                                                         | \$ 627,399        | 40         | 601,159          | 40         |
| 8620 | Non-controlling interests                                                                                                | <u>(5,228)</u>    | <u>-</u>   | <u>(307)</u>     | <u>-</u>   |
|      |                                                                                                                          | <u>\$ 622,171</u> | <u>40</u>  | <u>600,852</u>   | <u>40</u>  |
|      | <b>Comprehensive income attributable to:</b>                                                                             |                   |            |                  |            |
| 8710 | Owners of parent                                                                                                         | \$ 602,326        | 39         | 577,660          | 39         |
| 8720 | Non-controlling interests                                                                                                | <u>(6,081)</u>    | <u>-</u>   | <u>(606)</u>     | <u>-</u>   |
|      |                                                                                                                          | <u>\$ 596,245</u> | <u>39</u>  | <u>577,054</u>   | <u>39</u>  |
|      | <b>Basic earnings per share (NT dollars) (note 6(q))</b>                                                                 | <u>\$ 14.74</u>   |            | <u>14.14</u>     |            |
|      | <b>Diluted earnings per share (NT dollars) (note 6(q))</b>                                                               | <u>\$ 14.63</u>   |            | <u>14.04</u>     |            |

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

## Adden Technology Co., Ltd AND SUBSIDIARIES

## Consolidated Statements of Changes in Equity

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

|                                                                                                           | Equity attributable to owners of parent |                 |               |                 |                                  |                         |                                                                                                         |                       |                                               |                           |              |           |
|-----------------------------------------------------------------------------------------------------------|-----------------------------------------|-----------------|---------------|-----------------|----------------------------------|-------------------------|---------------------------------------------------------------------------------------------------------|-----------------------|-----------------------------------------------|---------------------------|--------------|-----------|
|                                                                                                           | Share capital                           |                 |               |                 |                                  |                         | Total other equity interest                                                                             |                       |                                               |                           |              |           |
|                                                                                                           | Retained earnings                       |                 |               |                 |                                  |                         | Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income |                       |                                               |                           |              |           |
|                                                                                                           | Ordinary shares                         | Capital surplus | Legal reserve | Special reserve | Unappropriated retained earnings | Total retained earnings | Exchange differences on translation of foreign financial statements                                     | Unearned compensation | Total equity attributable to owners of parent | Non-controlling interests | Total equity |           |
| Balance at January 1, 2019                                                                                | \$ 425,790                              | 421,815         | 344,196       | 121,582         | 591,546                          | 1,057,324               | (80,934)                                                                                                | (119,343)             | (2,278)                                       | 1,702,374                 | 20,715       | 1,723,089 |
| Appropriation and distribution of retained earnings:                                                      |                                         |                 |               |                 |                                  |                         |                                                                                                         |                       |                                               |                           |              |           |
| Legal reserve appropriated                                                                                | -                                       | -               | 59,155        | -               | (59,155)                         | -                       | -                                                                                                       | -                     | -                                             | -                         | -            | -         |
| Special reserve appropriated                                                                              | -                                       | -               | -             | 78,696          | (78,696)                         | -                       | -                                                                                                       | -                     | -                                             | -                         | -            | -         |
| Cash dividends of ordinary share                                                                          | -                                       | -               | -             | -               | (451,337)                        | (451,337)               | -                                                                                                       | -                     | -                                             | (451,337)                 | -            | (451,337) |
|                                                                                                           | -                                       | -               | 59,155        | 78,696          | (589,188)                        | (451,337)               | -                                                                                                       | -                     | -                                             | (451,337)                 | -            | (451,337) |
| Profit for the year ended December 31,2019                                                                | -                                       | -               | -             | -               | 601,159                          | 601,159                 | -                                                                                                       | -                     | -                                             | 601,159                   | (307)        | 600,852   |
| Other comprehensive income                                                                                | -                                       | -               | -             | -               | -                                | -                       | (22,795)                                                                                                | (704)                 | -                                             | (23,499)                  | (299)        | (23,798)  |
| Total comprehensive income                                                                                | -                                       | -               | -             | -               | 601,159                          | 601,159                 | (22,795)                                                                                                | (704)                 | -                                             | 577,660                   | (606)        | 577,054   |
| Other changes in capital surplus:                                                                         |                                         |                 |               |                 |                                  |                         |                                                                                                         |                       |                                               |                           |              |           |
| Cash dividends from capital surplus                                                                       | -                                       | (80,900)        | -             | -               | -                                | -                       | -                                                                                                       | -                     | -                                             | (80,900)                  | -            | (80,900)  |
| Share-based payments                                                                                      | -                                       | 916             | -             | -               | -                                | -                       | -                                                                                                       | -                     | 2,278                                         | 3,194                     | -            | 3,194     |
| Retirement of restricted stock awards                                                                     | (35)                                    | 35              | -             | -               | -                                | -                       | -                                                                                                       | -                     | -                                             | -                         | -            | -         |
| Balance at December 31, 2019                                                                              | 425,755                                 | 341,866         | 403,351       | 200,278         | 603,517                          | 1,207,146               | (103,729)                                                                                               | (120,047)             | -                                             | 1,750,991                 | 20,109       | 1,771,100 |
| Appropriation and distribution of retained earnings:                                                      |                                         |                 |               |                 |                                  |                         |                                                                                                         |                       |                                               |                           |              |           |
| Legal reserve appropriated                                                                                | -                                       | -               | 60,117        | -               | (60,117)                         | -                       | -                                                                                                       | -                     | -                                             | -                         | -            | -         |
| Special reserve appropriated                                                                              | -                                       | -               | -             | 23,498          | (23,498)                         | -                       | -                                                                                                       | -                     | -                                             | -                         | -            | -         |
| Cash dividends of ordinary share                                                                          | -                                       | -               | -             | -               | (519,421)                        | (519,421)               | -                                                                                                       | -                     | -                                             | (519,421)                 | -            | (519,421) |
|                                                                                                           | -                                       | -               | 60,117        | 23,498          | (603,036)                        | (519,421)               | -                                                                                                       | -                     | -                                             | (519,421)                 | -            | (519,421) |
| Profit for the year ended December 31,2020                                                                | -                                       | -               | -             | -               | 627,399                          | 627,399                 | -                                                                                                       | -                     | -                                             | 627,399                   | (5,228)      | 622,171   |
| Other comprehensive income                                                                                | -                                       | -               | 60,117        | 23,498          | 24,363                           | 107,978                 | -                                                                                                       | -                     | -                                             | 107,978                   | (5,228)      | 102,750   |
| Total comprehensive income                                                                                | -                                       | -               | -             | -               | -                                | -                       | (1,534)                                                                                                 | (23,539)              | -                                             | (25,073)                  | (853)        | (25,926)  |
| Other changes in capital surplus:                                                                         |                                         |                 |               |                 |                                  |                         |                                                                                                         |                       |                                               |                           |              |           |
| Changes in equity of associates and joint ventures accounted for using equity method                      | -                                       | (641)           | -             | -               | (726)                            | (726)                   | -                                                                                                       | -                     | -                                             | (1,367)                   | -            | (1,367)   |
| Cash dividends from capital surplus                                                                       | -                                       | (25,545)        | -             | -               | -                                | -                       | -                                                                                                       | -                     | -                                             | (25,545)                  | -            | (25,545)  |
| Share-based payments                                                                                      | 3,630                                   | 62,656          | -             | -               | -                                | -                       | -                                                                                                       | -                     | (56,193)                                      | 10,093                    | -            | 10,093    |
| Disposal of investments in equity instruments designated at fair value through other comprehensive income | -                                       | -               | -             | -               | 31,589                           | 31,589                  | -                                                                                                       | (31,589)              | -                                             | -                         | -            | -         |
| Balance at December 31, 2020                                                                              | \$ 429,385                              | 378,336         | 523,585       | 247,274         | 55,707                           | 826,566                 | (103,729)                                                                                               | (151,636)             | (56,193)                                      | 1,322,729                 | 14,881       | 1,337,610 |

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

**Addcn Technology Co., Ltd AND SUBSIDIARIES****Consolidated Statements of Cash Flows****For the years ended December 31, 2020 and 2019****(Expressed in Thousands of New Taiwan Dollars)**

|                                                                                         | 2020           | 2019           |
|-----------------------------------------------------------------------------------------|----------------|----------------|
| <b>Cash flows from operating activities:</b>                                            |                |                |
| Profit before tax                                                                       | \$ 778,793     | 755,554        |
| <b>Adjustments:</b>                                                                     |                |                |
| Adjustments to reconcile profit:                                                        |                |                |
| Depreciation expense                                                                    | 43,496         | 37,203         |
| Amortization expense                                                                    | 9,684          | 9,726          |
| Expected credit loss                                                                    | -              | 12,781         |
| Net loss (gain) on financial assets or liabilities at fair value through profit or loss | 648            | (189)          |
| Interest expense                                                                        | 166            | 289            |
| Interest income                                                                         | (4,008)        | (4,919)        |
| Dividend income                                                                         | (3,010)        | (1,478)        |
| Share-based payments                                                                    | 10,093         | 3,194          |
| Share of profit of associates and joint ventures accounted for using equity method      | (29,206)       | (17,382)       |
| Loss on disposal of property, plan and equipment                                        | 51             | 206            |
| Gain on disposal of investments                                                         | (608)          | (545)          |
| Unrealized foreign exchange loss                                                        | 1,525          | 1,199          |
| <b>Total adjustments to reconcile profit</b>                                            | <b>28,831</b>  | <b>40,085</b>  |
| <b>Changes in operating assets and liabilities:</b>                                     |                |                |
| Changes in operating assets:                                                            |                |                |
| Notes and trade receivable                                                              | 11,342         | 19,907         |
| Trade receivable due from related parties                                               | 9,186          | (43,996)       |
| Inventories                                                                             | -              | 9,716          |
| Other current assets                                                                    | (1,001)        | 4,606          |
| Other financial assets                                                                  | (503)          | 7,105          |
| <b>Total changes in operating assets</b>                                                | <b>19,024</b>  | <b>(2,662)</b> |
| Changes in operating liabilities:                                                       |                |                |
| Notes payable and trade payable                                                         | 3,395          | (3,508)        |
| Other payable                                                                           | 32,490         | (4,505)        |
| Other payable to related parties                                                        | (230)          | (6,667)        |
| Contract liabilities                                                                    | 32,686         | 12,237         |
| Other current liabilities                                                               | 514            | (2,661)        |
| Receipts under custody                                                                  | 10,125         | (153)          |
| <b>Total changes in operating liabilities</b>                                           | <b>78,980</b>  | <b>(5,257)</b> |
| <b>Total changes in operating assets and liabilities</b>                                | <b>98,004</b>  | <b>(7,919)</b> |
| <b>Total adjustments</b>                                                                | <b>126,835</b> | <b>32,166</b>  |

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

**Addcn Technology Co., Ltd AND SUBSIDIARIES****Consolidated Statements of Cash Flows****For the years ended December 31, 2020 and 2019****(Expressed in Thousands of New Taiwan Dollars)**

|                                                                                                      | 2020              | 2019             |
|------------------------------------------------------------------------------------------------------|-------------------|------------------|
| Cash inflow generated from operations                                                                | 905,628           | 787,720          |
| Interest received                                                                                    | 4,235             | 4,688            |
| Interest paid                                                                                        | (166)             | (289)            |
| Income taxes paid                                                                                    | (149,465)         | (149,273)        |
| <b>Net cash flows from operating activities</b>                                                      | <b>760,232</b>    | <b>642,846</b>   |
| <b>Cash flows from (used in) investing activities:</b>                                               |                   |                  |
| Acquisition of financial assets at fair value through other comprehensive income                     | (30,000)          | (68,497)         |
| Proceeds from disposal of financial assets at fair value through other comprehensive income          | 121,469           | 56,177           |
| Proceeds from capital reduction of financial assets at fair value through other comprehensive income | 2,000             | 17,658           |
| Acquisition of financial assets at fair value through profit or loss                                 | (23,373)          | -                |
| Proceeds from disposal of financial assets at fair value through profit or loss                      | -                 | 23,000           |
| Acquisition of property, plant and equipment                                                         | (56,616)          | (95,974)         |
| Proceeds from disposal of property, plant and equipment                                              | -                 | 82               |
| Decrease (increase) in refundable deposits                                                           | 22                | (200)            |
| Acquisition of intangible assets                                                                     | (1,304)           | (662)            |
| Acquisition of investment properties                                                                 | (177,175)         | (4,359)          |
| Increase in other financial assets                                                                   | (3,264)           | (28,933)         |
| Increase in other non-current assets                                                                 | (10,150)          | (21,550)         |
| Dividends received                                                                                   | 17,123            | 8,697            |
| <b>Net cash flows used in investing activities</b>                                                   | <b>(161,268)</b>  | <b>(114,561)</b> |
| <b>Cash flows from (used in) financing activities:</b>                                               |                   |                  |
| Increase in guarantee deposits received                                                              | 11,398            | 4,551            |
| Payment of lease liabilities                                                                         | (4,879)           | (4,151)          |
| Cash dividends paid                                                                                  | (544,966)         | (532,237)        |
| <b>Net cash flows used in financing activities</b>                                                   | <b>(538,447)</b>  | <b>(531,837)</b> |
| <b>Effect of exchange rate changes on cash and cash equivalents</b>                                  | <b>(5,330)</b>    | <b>(6,512)</b>   |
| <b>Net increase (decrease) in cash and cash equivalents</b>                                          | <b>55,187</b>     | <b>(10,064)</b>  |
| <b>Cash and cash equivalents at beginning of period</b>                                              | <b>670,101</b>    | <b>680,165</b>   |
| <b>Cash and cash equivalents at end of period</b>                                                    | <b>\$ 725,288</b> | <b>670,101</b>   |

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**Addcn Technology Co., Ltd AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**  
**For the years ended December 31, 2020 and 2019**  
**(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)**

**(1) Company history**

Addcn Technology Co., Ltd (the “Company”) was incorporated in January 23, 2007 as a company limited by shares and registered under the Ministry of Economic Affairs, ROC. The Company was registered in 10F, No.12, Lane 609, Sec 5, Chungshin Rd., Sanchung Dist., New Taipei City. The consolidated financial statements of the Company as of and for the year ended December 31, 2019 comprised the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”). The major business activities of the Group are online trade platform operation and services. Please refer to note 14 for related information of the Group entities’ main business activities. Since January 20, 2014, the Company’s ordinary shares have been listed on the Taiwan Over-The-Counter Securities Exchange (Gre Tai Securities Market).

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

These consolidated financial statements were authorized for issue by the Board of Directors on March 18, 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, 2020:

- Amendments to IFRS 3 “Definition of a Business”
- Amendments to IFRS 9, IAS39 and IFRS7 “Interest Rate Benchmark Reform”
- Amendments to IAS 1 and IAS 8 “Definition of Material”
- Amendments to IFRS 16 “COVID-19-Related Rent Concessions”

- (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, 2021, would not have a significant impact on its consolidated financial statements:

- 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”

(Continued)

**Adden Technology Co., Ltd AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- (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:

| Standards or Interpretations                                                     | Content of amendment                                                                                                                                                                                                                                                                                                                                                                                                                                         | Effective date per IASB |
|----------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|
| Amendments to IAS 1<br>“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.<br><br>The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity. | January 1, 2023         |
| Amendments to IAS 37<br>“Onerous Contracts—Cost of Fulfilling a Contract”        | The amendments clarify that the ‘costs of fulfilling a contract’ comprises the costs that relate directly to the contract as follows: <ul style="list-style-type: none"> <li>• the incremental costs – e.g. direct labor and materials; and</li> <li>• an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract.</li> </ul>                          | January 1, 2022         |

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 following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 16 “Property, Plant and Equipment—Proceeds before Intended Use”
- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”
- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”

(Continued)

**Adden Technology Co., Ltd AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**(4) Summary of significant accounting policies:**

The significant accounting policies presented in the consolidated financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

**(a) Statement of compliance**

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C. (hereinafter referred to as the IFRS endorsed by FSC).

**(b) Basis of preparation**

**(i) Basis of measurement**

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

- 1) Financial instruments at fair value through profit or loss are measured at fair value;
- 2) Financial assets at fair value through other comprehensive income are measured at fair value.

**(ii) Functional and presentation currency**

The functional currency of each Group Entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan dollars (NTD), which is the Company’s functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

**(c) Basis of consolidation**

**(i) Principles of preparation of the consolidated financial statements**

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group ‘controls’ an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

(Continued)

## Adden Technology Co., Ltd AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

When the Group loses control over a subsidiary, it derecognizes the assets (including any goodwill) and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any interest retained in the former subsidiary is measured at fair value when control is lost, with the resulting gain or loss being recognized in profit or loss. The Group recognizes as gain or loss in profit or loss the difference between (i) the fair value of the consideration received as well as any investment retained in the former subsidiary at its fair value at the date when control is lost ;and (ii) the assets (including any goodwill), liabilities of the subsidiary as well as any related non-controlling interests at their carrying amounts at the date when control is lost, as gain or loss in profit or loss. When the Group loses control of its subsidiary, it accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if it had directly disposed of the related assets or liabilities

(ii) List of subsidiaries in the consolidated financial statements

Subsidiaries listed in the consolidated financial statements are included as below.

| Name of investor                  | Name of subsidiary                    | Principal activity                                          | Percentage of ownership |                   | Description                                 |
|-----------------------------------|---------------------------------------|-------------------------------------------------------------|-------------------------|-------------------|---------------------------------------------|
|                                   |                                       |                                                             | December 31, 2020       | December 31, 2019 |                                             |
| The Company                       | Adden Technology (Samoa) Co., Ltd     | Investment holdings                                         | 100.00 %                | 100.00 %          | The Company directly owns 100% of equity.   |
| Adden Technology (Samoa) Co., Ltd | Adden Technology (SHENZHEN) Co., Ltd. | Applied system management, maintenance and customer service | 100.00 %                | 100.00 %          | The Company indirectly owns 100% of equity. |
| Adden Technology (Samoa) Co., Ltd | Adden Technology (HK) Co., Limited    | Electronic information supply                               | 70.00 %                 | 70.00 %           | The Company indirectly owns 70% of equity.  |

(iii) Subsidiaries excluded from the consolidated financial statements: None.

(Continued)



**Adden Technology Co., Ltd AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(d) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Nonmonetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

- an investment in equity securities designated as at fair value through other comprehensive income;
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to noncontrolling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, Exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(Continued)

**Adden Technology Co., Ltd AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(e) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(f) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(g) Financial Instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(Continued)

**Adden Technology Co., Ltd AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI )

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

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

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

(Continued)

**Adden Technology Co., Ltd AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

*These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.*

4) Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated — e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, and are consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

(Continued)

**Adden Technology Co., Ltd AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

5) Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial assets on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group’s claim to cash flows from specified assets (e.g. non-recourse features)

6) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and trade receivables, other receivable, guarantee deposit paid and other financial assets), debt investments measured at FVOCI and contract assets.

The Group measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group’s historical experience and informed credit assessment as well as forward-looking information.

(Continued)

## Adden Technology Co., Ltd AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 1 days past due.

The Group considers a financial asset to be in default when the financial asset is more than 60 days past due or the debtor is unlikely to pay its credit obligations to the Group in full.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade which is considered to be BBB- or higher per Standard & Poor's, Baa3 or higher per Moody's or twA or higher per Taiwan Ratings'.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 60 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charge to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

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**Adden Technology Co., Ltd AND SUBSIDIARIES**  
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The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 2 years past due based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

7) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) **Financial liabilities**

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

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**Adden Technology Co., Ltd AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

4) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(h) Investment in associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Group, from the date on which significant influence commences until the date on which significant influence ceases. The Group recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual proportionate share.

Gains and losses resulting from transactions between the Group and an associate are recognized only to the extent of unrelated Group's interest in the associate.

When the Group's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

When the Group subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Group's proportionate interest in the net assets of the associate. The Group records such a difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus. The aforesaid adjustment should first be adjusted under capital surplus. If the capital surplus resulting from changes in ownership interest is not sufficient, the remaining difference is debited to retained earnings. If the Group's ownership interest is reduced due to the

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**Adden Technology Co., Ltd AND SUBSIDIARIES**  
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additional subscription to the shares of the associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate will be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

(i) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

(j) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straightline basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

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**Adden Technology Co., Ltd AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

- |                       |           |
|-----------------------|-----------|
| 1) Buildings          | 50 years  |
| 2) Office equipment   | 1~5 years |
| 3) Lease improvements | 1~5 years |

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(iv) Reclassification to investment property

A property is reclassified to investment property at its carrying amount when the use of the property changes from owneroccupied to investment property.

(k) Lease

(i) Identifying a lease

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

- 1) the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and
- 2) the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- 3) the customer has the right to direct the use of the asset throughout the period of use only if either:
  - the customer has the right to direct how and for what purpose the asset is used throughout the period of use; or
  - the relevant decisions about how and for what purpose the asset is used are predetermined and:
    - the customer has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions; or
    - the customer designed the asset in a way that predetermines how and for what purpose it will be used throughout the period of use.

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**Adden Technology Co., Ltd AND SUBSIDIARIES**  
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(ii) As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- 1) fixed payments, including in-substance fix payments;
- 2) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- 3) amounts expected to be payable under a residual value guarantee; and
- 4) payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- 1) there is a change in future lease payments arising from the change in an index or rate; or
- 2) there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- 3) there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- 4) there is a change of its assessment on whether it will exercise a purchase, extension or termination option; or
- 5) there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

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**Adden Technology Co., Ltd AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

If an arrangement contains lease and non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of printer and a part of office that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(iii) As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies IFRS15 to allocate the consideration in the contract.

(l) Intangible assets

(i) Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

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**Adden Technology Co., Ltd AND SUBSIDIARIES**  
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Other intangible assets, including customer relationships, patents and trademarks, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

|                                         |            |
|-----------------------------------------|------------|
| 1) Trademarks and patents               | 6~10 years |
| 2) Computer software                    | 3~10 years |
| 3) Customer relationships and databases | 10 years   |

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(m) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

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**Adden Technology Co., Ltd AND SUBSIDIARIES**  
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An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(n) Revenue

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

1) Online advertising platform services

The Group provides advertising services to customers. Revenue from providing services is recognized in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognized based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. The proportion of services provided is determined based on the actual advertising hours spent relative to the total expected advertising hours.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

In case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the Group exceed the payment, a contract asset is recognized. If the payments exceed the services rendered, a contract liability is recognized.

2) Commission

The Group only acts as a platform provider when it provides online trading platform services. Commission is received by a fixed proportion of transaction price when the buyer and seller confirm that the transaction is finished.

3) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the group does not adjust any of the transaction prices for the time value of money.

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**Adden Technology Co., Ltd AND SUBSIDIARIES**  
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(ii) Contract costs

1) Incremental costs of obtaining a contract

The Group recognizes as an asset the incremental costs of obtaining a contract with a customer if the Group expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

The Group applies the practical expedient to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the entity otherwise would have recognized is one year or less.

2) Costs to fulfil a contract

If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard (for example, IAS 2 Inventories, IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets), the Group recognizes an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

- the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;
- the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

General and administrative costs, costs of wasted materials, labor or other resources to fulfil the contract that were not reflected in the price of the contract, costs that relate to satisfied performance obligations (or partially satisfied performance obligations), and costs for which the Group cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations (or partially satisfied performance obligations), the Group recognizes these costs as expenses when incurred.

(o) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

**Adden Technology Co., Ltd AND SUBSIDIARIES**  
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(ii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(p) Share-based payment

The grant-date fair value of equity-settled share-based payment awards granted to employees is generally recognized as employee expenses, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share based payment awards with non-vesting conditions, the grant-date fair value of the share based payment is measured to reflect such conditions, and there is no true up for differences between expected and actual outcomes.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense, with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and settlement date based on the fair value of the share appreciation right. Any changes in the liability are recognized as personnel expenses in profit or loss.

Grant date of a share-based payment award is the date which the board of directors authorized the price and number of a new award.

(q) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS37.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

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**Adden Technology Co., Ltd AND SUBSIDIARIES**  
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- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
  - 1) the same taxable entity; or
  - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

- (r) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as employee stock options.

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**Adden Technology Co., Ltd AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(s) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

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

In preparing these the consolidated financial statements, management has made judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

There are no critical judgments in applying accounting policies that have significant effect on the amounts recognized in the consolidated financial statements.

For the assumptions and estimation uncertainties, there were no significant risk resulting in a material adjustment within the next financial year.

The Group's accounting policies include measuring financial and non financial assets and liabilities at fair value through profit or loss.

The Group's financial instrument valuation group conducts independent verification on fair value by using data sources that are independent, reliable, and representative of exercise prices. This financial instrument valuation group also periodically adjusts valuation models, conducts back testing, renews input data for valuation models, and makes all other necessary fair value adjustments to assure the rationality of fair value. The Group strives to use market observable inputs when measuring assets and liabilities. Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

- (a) Level 1: quoted prices (unadjusted) in active markets for identifiable assets or liabilities.
- (b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices).
- (c) Level 3: inputs for the assets or liability that are not based on observable market data.

Please refer to Note 6(v) for assumptions used in measuring fair value.

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**Adden Technology Co., Ltd AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**(6) Explanation of significant accounts:**

**(a) Cash and cash equivalents**

|                                                                       | <b>December 31,<br/>2020</b> | <b>December 31,<br/>2019</b> |
|-----------------------------------------------------------------------|------------------------------|------------------------------|
| Cash                                                                  | \$ 709                       | 209                          |
| Demand deposits and check deposits                                    | 724,579                      | 669,892                      |
| Cash and cash equivalents in the consolidated statement of cash flows | <u><u>\$ 725,288</u></u>     | <u><u>670,101</u></u>        |

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

**(b) Financial assets at fair value through profit or loss**

|                                                                     | <b>December 31,<br/>2020</b> | <b>December 31,<br/>2019</b> |
|---------------------------------------------------------------------|------------------------------|------------------------------|
| Financial asset designated as at fair value through profit or loss: |                              |                              |
| Corporate bonds-Credit suisse Group AG                              | \$ 6,296                     | -                            |
| Corporate bonds-Apple Inc.                                          | <u>16,513</u>                | <u>-</u>                     |
| Total                                                               | <u><u>\$ 22,809</u></u>      | <u><u>-</u></u>              |

**(c) Financial assets at fair value through other comprehensive income**

|                                                                      | <b>December 31,<br/>2020</b> | <b>December 31,<br/>2019</b> |
|----------------------------------------------------------------------|------------------------------|------------------------------|
| Debt investments at fair value through other comprehensive income:   |                              |                              |
| Corporate bonds—Saudi Arabian Oil Company                            | \$ -                         | 17,294                       |
| Others                                                               | <u>14,965</u>                | <u>14,762</u>                |
| Subtotal                                                             | <u>14,965</u>                | <u>32,056</u>                |
| Equity Investments at fair value through other comprehensive income: |                              |                              |
| Stocks listed on domestic markets                                    | 14,417                       | 24,983                       |
| Stock unlisted on foreign markets                                    | -                            | 103,638                      |
| Stock unlisted on domestic markets                                   | <u>111,915</u>               | <u>98,629</u>                |
| Subtotal                                                             | <u>126,332</u>               | <u>227,250</u>               |
| Total                                                                | <u><u>\$ 141,297</u></u>     | <u><u>259,306</u></u>        |

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**Adden Technology Co., Ltd AND SUBSIDIARIES**  
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(i) Debt investments at fair value through other comprehensive income

The Group has assessed that the following securities are held within a business model whose objective is achieved by both collecting the contractual cash flows and by selling securities; therefore, they have been classified as debt investments at fair value through other comprehensive income.

On December 22, 2020, the Group has sold its investments as a result of the Group's investment strategy. The investment sold had a fair value of \$17,838 thousand and the Group realized a gain of \$608 thousand, which has been reclassified from other equity interest to profit or loss.

The Group sold its investments as a result of the Group's investment strategy on August 14, 2019 and December 16, 2019. The investment sold had a fair value of \$37,146 thousand and \$19,031 thousand wherein the Company realized a gain of \$80 thousand and \$465 thousand, respectively, which has been reclassified from other equity to profit or loss.

(ii) Equity investments at fair value through other comprehensive income

The Group designated the investments shown above as equity securities as at fair value through other comprehensive income because these equity securities represent those investments that the Company intends to hold for long-term for strategic purposes.

During the years ended December 31, 2020 and 2019, the dividends of \$3,010 thousand and \$1,478 thousand, respectively, related to equity investments at fair value through other comprehensive income held on the years then ended, were recognized.

In January, April and June of 2020, the Group sold Bridge Roots Fund Ltd., which was designated to be measured at fair value through other comprehensive income, as the result of the Group's investment strategy. The fair value at the time of disposal was \$ 90,779, \$11,700 and \$1,152 thousand, and the Group realized a gain of \$31,589 thousand, which has been transferred from other equity interest to retained earnings.

In June 2020, the amount received from the capital reduction by Element I Venture Capital Co., Ltd. was \$2,000 thousand.

(iii) For credit risk (including the impairment of debt investments) and market risk; please refer to note 6(ab).

(iv) None of the above financial assets were pledged as collateral for long-term borrowings.

(d) Note and trade receivables

|                      | <b>December 31,<br/>2020</b> | <b>December 31,<br/>2019</b> |
|----------------------|------------------------------|------------------------------|
| Note receivables     | \$ 1,045                     | 4,045                        |
| Trade receivables    | 99,902                       | 108,244                      |
| Less: Loss allowance | (24,598)                     | (24,598)                     |
|                      | <b><u>\$ 76,349</u></b>      | <b><u>87,691</u></b>         |

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**Adden Technology Co., Ltd AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- (i) The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected 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 loss allowance provision were determined as follows:

| <b>December 31, 2020</b>   |                              |                                   |                                 |
|----------------------------|------------------------------|-----------------------------------|---------------------------------|
|                            | <b>Gross carrying amount</b> | <b>Weighted-average loss rate</b> | <b>Loss allowance provision</b> |
| Current                    | \$ 79,698                    | 0%                                | 3,349                           |
| 1 to 60 days past due      | 254                          | 10%~30%                           | 254                             |
| More than 60 days past due | 20,995                       | 30%~100%                          | 20,995                          |
| Total                      | <u>\$ 100,947</u>            |                                   | <u>24,598</u>                   |

  

| <b>December 31, 2019</b>   |                              |                                   |                                 |
|----------------------------|------------------------------|-----------------------------------|---------------------------------|
|                            | <b>Gross carrying amount</b> | <b>Weighted-average loss rate</b> | <b>Loss allowance provision</b> |
| Current                    | \$ 92,101                    | 0%                                | 4,410                           |
| 1 to 60 days past due      | 193                          | 25%~50%                           | 193                             |
| More than 60 days past due | 19,995                       | 50%~100%                          | 19,995                          |
|                            | <u>\$ 112,289</u>            |                                   | <u>24,598</u>                   |

- (ii) The movement in the allowance for notes and trade receivable were as follows:

|                                  | <b>2020</b>      | <b>2019</b>   |
|----------------------------------|------------------|---------------|
| Balance at January 1             | \$ 24,598        | 11,804        |
| Impairment losses recognized     | -                | 12,781        |
| Amounts reversed due to recovery | -                | 13            |
| Balance at December 31           | <u>\$ 24,598</u> | <u>24,598</u> |

- (iii) The aforementioned notes and trade receivable of the Group had not been pledged as collateral for long-term borrowings.

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**Adden Technology Co., Ltd AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(e) Investments accounted for using equity method

The Group's financial information for investments accounted for using the equity method that are individually insignificant was as follows:

|                                                                  | December 31,<br>2020 | December 31,<br>2019 |
|------------------------------------------------------------------|----------------------|----------------------|
| Carrying amount of individually insignificant associates' equity | \$ <u>49,714</u>     | <u>35,988</u>        |

In 2020 and 2019, the Group's share of the net income of associates was as follows:

|                                   | 2020             | 2019          |
|-----------------------------------|------------------|---------------|
| Attributable to the Group:        |                  |               |
| Profit from continuing operations | \$ 29,206        | 17,382        |
| Other comprehensive income        | -                | -             |
| Comprehensive income              | \$ <u>29,206</u> | <u>17,382</u> |

The Group does not have any contingent liabilities arising from associate with other investor or for individual responsibility.

There is no significant restrictions to transfer financial resource from associate to the Group.

As of December 31, 2020 and 2019, the Group did not provide any investments accounted for using the equity method as collateral for its loans.

(f) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the years ended December 31, 2020 and 2019, were as follows:

|                                      | Land              | Buildings and<br>constructions | Office<br>equipment | Leasehold<br>improvements | Construction<br>in progress | Total            |
|--------------------------------------|-------------------|--------------------------------|---------------------|---------------------------|-----------------------------|------------------|
| Cost or deemed cost:                 |                   |                                |                     |                           |                             |                  |
| Balance at January 1, 2020           | \$ 172,284        | 630,669                        | 94,580              | 16,594                    | 12,500                      | 926,627          |
| Additions                            | -                 | 69,615                         | 8,551               | -                         | -                           | 78,166           |
| Reclassification                     | -                 | 11,905                         | -                   | -                         | (12,500)                    | (595)            |
| Disposals                            | -                 | -                              | (1,194)             | -                         | -                           | (1,194)          |
| Effect of movement in exchange rates | -                 | 1,184                          | 9                   | (49)                      | -                           | 1,144            |
| Balance at December 31, 2020         | \$ <u>172,284</u> | <u>713,373</u>                 | <u>101,946</u>      | <u>16,545</u>             | -                           | <u>1,004,148</u> |
| Balance at January 1, 2019           | \$ 131,656        | 607,878                        | 88,576              | 9,327                     | -                           | 837,437          |
| Additions                            | 31,310            | 36,400                         | 8,478               | 7,286                     | 12,500                      | 95,974           |
| Reclassification                     | 9,318             | 4,280                          | -                   | -                         | -                           | 13,598           |
| Disposals                            | -                 | -                              | (1,843)             | -                         | -                           | (1,843)          |
| Effect of movement in exchange rates | -                 | (17,889)                       | (631)               | (19)                      | -                           | (18,539)         |
| Balance at December 31, 2019         | \$ <u>172,284</u> | <u>630,669</u>                 | <u>94,580</u>       | <u>16,594</u>             | <u>12,500</u>               | <u>926,627</u>   |

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**Adden Technology Co., Ltd AND SUBSIDIARIES**  
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|                                      | <u>Land</u>       | <u>Buildings and constructions</u> | <u>Office equipment</u> | <u>Leasehold improvements</u> | <u>Construction in progress</u> | <u>Total</u>   |
|--------------------------------------|-------------------|------------------------------------|-------------------------|-------------------------------|---------------------------------|----------------|
| Depreciation and impairments losses: |                   |                                    |                         |                               |                                 |                |
| Balance at January 1, 2020           | \$ -              | 58,379                             | 74,899                  | 10,271                        | -                               | 143,549        |
| Depreciation                         | -                 | 21,244                             | 11,652                  | 1,915                         | -                               | 34,811         |
| Disposals                            | -                 | -                                  | (1,143)                 | -                             | -                               | (1,143)        |
| Effect of movement in exchange rates | -                 | 157                                | 21                      | (32)                          | -                               | 146            |
| Balance at December 31, 2020         | \$ -              | <u>79,780</u>                      | <u>85,429</u>           | <u>12,154</u>                 | -                               | <u>177,363</u> |
| Balance at January 1, 2019           | \$ -              | 41,776                             | 65,037                  | 9,327                         | -                               | 116,140        |
| Depreciation                         | -                 | 18,238                             | 11,795                  | 949                           | -                               | 30,982         |
| Reclassification                     | -                 | (450)                              | -                       | -                             | -                               | (450)          |
| Disposals                            | -                 | -                                  | (1,555)                 | -                             | -                               | (1,555)        |
| Effect of movement in exchange rates | -                 | (1,185)                            | (378)                   | (5)                           | -                               | (1,568)        |
| Balance at December 31, 2019         | \$ -              | <u>58,379</u>                      | <u>74,899</u>           | <u>10,271</u>                 | -                               | <u>143,549</u> |
| Carrying amount:                     |                   |                                    |                         |                               |                                 |                |
| Balance at December 31, 2020         | \$ <u>172,284</u> | <u>633,593</u>                     | <u>16,517</u>           | <u>4,391</u>                  | -                               | <u>826,785</u> |
| Balance at December 31, 2019         | \$ <u>172,284</u> | <u>572,290</u>                     | <u>19,681</u>           | <u>6,323</u>                  | <u>12,500</u>                   | <u>783,078</u> |
| Balance at January 1, 2019           | \$ <u>131,656</u> | <u>566,102</u>                     | <u>23,539</u>           | -                             | -                               | <u>721,297</u> |

As of December 31, 2020 and 2019, the Group did not provide any property, plant and equipment as collateral for its loan.

Investment property comprises office buildings that are leased to third parties under operating leases, including properties that are owned by the Group. The leases of investment properties contain an initial non-cancellable lease term of 1 to 3 years. For all investment property leases, the rental income is fixed under the contracts.

(g) Investment property

|                                      | <u>Owned property</u> |                                 |                |
|--------------------------------------|-----------------------|---------------------------------|----------------|
|                                      | <u>Land</u>           | <u>Buildings and structures</u> | <u>Total</u>   |
| Cost or deemed cost:                 |                       |                                 |                |
| Balance at January 1, 2020           | \$ 71,336             | 42,527                          | 113,863        |
| Additions                            | -                     | 177,175                         | 177,175        |
| Effect of movement in exchange rates | -                     | 1,964                           | 1,964          |
| Balance at December 31, 2020         | \$ <u>71,336</u>      | <u>221,666</u>                  | <u>293,002</u> |
| Balance at January 1, 2019           | \$ 82,693             | 40,506                          | 123,199        |
| Additions                            | -                     | 4,359                           | 4,359          |
| Reclassification                     | (11,357)              | (2,338)                         | (13,695)       |
| Balance at December 31, 2019         | \$ <u>71,336</u>      | <u>42,527</u>                   | <u>113,863</u> |

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**Adden Technology Co., Ltd AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

|                                      | <u>Owned property</u>                              |                                  | <u>Total</u>        |
|--------------------------------------|----------------------------------------------------|----------------------------------|---------------------|
|                                      | <u>Land</u>                                        | <u>Buildings and structures</u>  |                     |
|                                      | <u>Unrealized loss on valuation of inventories</u> | <u>Loss on investment Others</u> | <u>Total Others</u> |
| Depreciation and impairments losses: |                                                    |                                  |                     |
| Balance at January 1, 2020           | \$ -                                               | 6,462                            | 6,462               |
| Depreciation                         | -                                                  | 3,811                            | 3,811               |
| Effect of movement in exchange rates | -                                                  | 24                               | 24                  |
| Balance at December 31, 2020         | <u>\$ -</u>                                        | <u>10,297</u>                    | <u>10,297</u>       |
| Balance at January 1, 2019           | \$ -                                               | 4,012                            | 4,012               |
| Depreciation                         | -                                                  | 2,000                            | 2,000               |
| Reclassification                     | -                                                  | 450                              | 450                 |
| Balance at December 31, 2019         | <u>\$ -</u>                                        | <u>6,462</u>                     | <u>6,462</u>        |
| Carrying amount:                     |                                                    |                                  |                     |
| Balance at December 31, 2020         | <u>\$ 71,336</u>                                   | <u>211,369</u>                   | <u>282,705</u>      |
| Balance at January 1, 2019           | <u>\$ 82,693</u>                                   | <u>36,494</u>                    | <u>119,187</u>      |
| Balance at December 31, 2019         | <u>\$ 71,336</u>                                   | <u>36,065</u>                    | <u>107,401</u>      |
| Fair value:                          |                                                    |                                  |                     |
| Balance at December 31, 2020         |                                                    |                                  | <u>\$ 285,250</u>   |
| Balance at December 31, 2019         |                                                    |                                  | <u>\$ 111,274</u>   |

Investment property comprises a number of commercial properties that are leased to third parties. Each of the leases contains a 1 to 3-years non-cancellable period. Subsequent renewals are negotiated with the lessee and no contingent rents are charged. For further information (including rental income and related operating expenses) please refer to note 6(l).

The fair value stated above was according to the latest transaction data announced on the website of Department of Land Administration Ministry of the Interior.

As of December 31, 2020 and 2019, the investment property of the Group hadn't been pledged as collateral for long-term borrowings.

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**Adden Technology Co., Ltd AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(h) Intangible assets

The cost, amortization and impairment of the intangible assets of the Group for the years ended December 31, 2020 and 2019, were as follows:

|                                                | Goodwill         | Brand/Trade marks | Client relationship/<br>Database/518 computer system | Others       | Total          |
|------------------------------------------------|------------------|-------------------|------------------------------------------------------|--------------|----------------|
| Cost:                                          |                  |                   |                                                      |              |                |
| Balance at January 1, 2020                     | \$ 58,000        | 27,656            | 59,208                                               | 8,492        | 153,356        |
| Additions                                      | -                | -                 | -                                                    | 1,304        | 1,304          |
| Effect of movement in exchange rates           | -                | -                 | -                                                    | 9            | 9              |
| Balance at December 31, 2020                   | <u>\$ 58,000</u> | <u>27,656</u>     | <u>59,208</u>                                        | <u>9,805</u> | <u>154,669</u> |
| Balance at January 1, 2019                     | \$ 58,000        | 27,818            | 59,208                                               | 7,921        | 152,947        |
| Additions                                      | -                | -                 | -                                                    | 662          | 662            |
| Others                                         | -                | (162)             | -                                                    | -            | (162)          |
| Effect of movement in exchange rates           | -                | -                 | -                                                    | (91)         | (91)           |
| Balance at December 31, 2019                   | <u>\$ 58,000</u> | <u>27,656</u>     | <u>59,208</u>                                        | <u>8,492</u> | <u>153,356</u> |
| Accumulated amortization and impairment losses |                  |                   |                                                      |              |                |
| Balance at January 1, 2020                     | \$ -             | 14,927            | 31,084                                               | 5,137        | 51,148         |
| Amortization                                   | -                | 2,680             | 5,921                                                | 1,083        | 9,684          |
| Effect of movement in exchange rates           | -                | -                 | -                                                    | 5            | 5              |
| Balance at December 31, 2020                   | <u>\$ -</u>      | <u>17,607</u>     | <u>37,005</u>                                        | <u>6,225</u> | <u>60,837</u>  |
| Balance at January 1, 2019                     | \$ -             | 12,409            | 25,163                                               | 4,049        | 41,621         |
| Amortization                                   | -                | 2,680             | 5,921                                                | 1,125        | 9,726          |
| Others                                         | -                | (162)             | -                                                    | -            | (162)          |
| Effect of movement in exchange rates           | -                | -                 | -                                                    | (37)         | (37)           |
| Balance at December 31, 2019                   | <u>\$ -</u>      | <u>14,927</u>     | <u>31,084</u>                                        | <u>5,137</u> | <u>51,148</u>  |
| Carrying value:                                |                  |                   |                                                      |              |                |
| Balance at December 31, 2020                   | <u>\$ 58,000</u> | <u>10,049</u>     | <u>22,203</u>                                        | <u>3,580</u> | <u>93,832</u>  |
| Balance at December 31, 2019                   | <u>\$ 58,000</u> | <u>12,729</u>     | <u>28,124</u>                                        | <u>3,355</u> | <u>102,208</u> |
| Balance at January 1, 2019                     | <u>\$ 58,000</u> | <u>15,409</u>     | <u>34,045</u>                                        | <u>3,872</u> | <u>111,326</u> |

(i) Amortization expense

The amortization of intangible assets is included in the statement of comprehensive income:

|                    | 2020            | 2019         |
|--------------------|-----------------|--------------|
| Operating expenses | <u>\$ 9,684</u> | <u>9,726</u> |

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**Adden Technology Co., Ltd AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Impairment test of goodwill

Goodwill arising from the acquisition of 518 Technology Co., Ltd. on January 1, 2015 was mainly attributable to the expected benefit derived from the operating revenue growth of 518 Human Resource. According to IAS 36, goodwill acquired in a business combination is tested for impairment at least annually. For the purposes of impairment testing, goodwill is allocated to each of the acquirer's cash-generating units that are expected to benefit from the synergies of the combination. 518 Human Resource itself is a separate cash-generating unit that can generate independent cash inflows; therefore, goodwill is tested for impairment by comparing the recoverable amount of 518 Human Resource with its carrying amount to determine whether an impairment loss should be recognized.

The Group obtains the customers of 518 Technology Co., Ltd. through acquisition. It is expected to bring synergy to other platforms of the Group. Enhance the Group's brand effectiveness, increase the opportunities for cross promotion among platforms. It is expected to bring synergy to other platforms of the Group. Enhance the Group's brand effectiveness, increase the opportunities for cross-promotion among platforms.

Based on the result of impairment test, the recoverable amount of 518 Human Resource was greater than its carrying amount; thus, no impairment loss was recognized.

The recoverable amount of 518 Human Resource was based on its value-in-use, determined by discounting the future cash flows to be generated from the continuing use of 518 Human Resource. The key assumptions used in the estimation of value-in-use were as follows:

|               | <b>December 31,<br/>2020</b> | <b>December<br/>31, 2019</b> |
|---------------|------------------------------|------------------------------|
| Discount rate | 9.39 %                       | 10.94 %                      |

The discount rate was a pre-tax measure based on the capital asset pricing model, adjusted for a risk premium to reflect both the increased risk of investing in equities generally and the systemic risk of the specific CGU.

(iii) Guarantee

As of December 31, 2020 and 2019, the intangible asset of the Group had not been pledged as collateral for long term borrowings.

(i) Other financial assets

Other financial assets of the Group were as follows:

|                                | <b>December 31,<br/>2020</b> | <b>December 31,<br/>2019</b> |
|--------------------------------|------------------------------|------------------------------|
| Other current financial assets | \$ 104,590                   | 126,140                      |
| Other receivables              | 2,810                        | 2,534                        |
| Current restricted assets      | 466,079                      | 441,265                      |
|                                | <b><u>\$ 573,479</u></b>     | <b><u>569,939</u></b>        |

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**Adden Technology Co., Ltd AND SUBSIDIARIES**  
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Current restricted assets mainly consist of time deposits pledged as collateral and receipts under custody from transaction between members on 8591 Virtual Treasure Trade. Please refer to note 8 for the information of pledged assets.

(j) Other current assets and other non-current assets

Other current assets and other non-current assets were as follows:

|                             | <b>December 31,<br/>2020</b> | <b>December 31,<br/>2019</b> |
|-----------------------------|------------------------------|------------------------------|
| Current prepaid expense     | \$ 6,103                     | 5,691                        |
| Current temporary payments  | 12,289                       | 11,105                       |
| Subtotal                    | <u>18,392</u>                | <u>16,796</u>                |
| Guarantee deposits paid     | 1,134                        | 1,156                        |
| Right-of-use asset          | 9,232                        | 12,336                       |
| Non-current prepaid expense | 10,150                       | 21,550                       |
| Subtotal                    | <u>20,516</u>                | <u>35,042</u>                |
| Total                       | <u><u>\$ 38,908</u></u>      | <u><u>51,838</u></u>         |

(i) Current prepaid expense

Current prepaid expense mainly consist of system outsourcing fee, domain service fee, rent and insurance.

(ii) Current temporary payments

Temporary payments consist of website event bonus payment on 8591 Virtual Treasure Trade and others.

(iii) Non-current prepaid expense

Non-current prepaid expense consists of down payment on office space.

(k) Other payables and Receipts under custody

Other payables and Receipts under custody were as follows:

|                                               | <b>December 31,<br/>2020</b> | <b>December 31,<br/>2019</b> |
|-----------------------------------------------|------------------------------|------------------------------|
| Current tax liabilities                       | \$ 75,618                    | 72,772                       |
| Employee compensation payable                 | 54,552                       | 51,800                       |
| Compensation due to directors and supervisors | 7,560                        | 7,400                        |
| Wages and salaries payable                    | 121,828                      | 117,292                      |
| Expenses payable                              | 59,784                       | 35,169                       |
| Other                                         | <u>3,767</u>                 | <u>3,570</u>                 |
| Subtotal                                      | 323,109                      | 288,003                      |
| Receipts under custody                        | <u>437,327</u>               | <u>427,202</u>               |
| Total                                         | <u><u>\$ 760,436</u></u>     | <u><u>715,205</u></u>        |

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**Adden Technology Co., Ltd AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Receipts under custody are collection on behalf of others which are not completed from member transaction on 8591 Virtual Treasure Trade. The collection is deposited in individual trust account of E. Sun Bank and other bank accounts.

(l) Operating lease

(i) Leases as lessor

The Company leases out its investment property. The Company has classified these leases as operating leases, because it does not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Please refer to note 6(g) sets out information about the operating leases of investment property.

A maturity analysis of lease payments, showing the undiscounted lease payment to be received after the reporting date are as follows:

|                    | <b>December 31,<br/>2020</b> | <b>December 31,<br/>2019</b> |
|--------------------|------------------------------|------------------------------|
| Less than one year | \$ 6,943                     | 2,090                        |
| One to two years   | 2,524                        | 380                          |
|                    | <b>\$ 9,467</b>              | <b>2,470</b>                 |

Rental income from investment property was \$5,351 thousand and \$2,901 thousand for 2020 and 2019, respectively.

(m) Employee benefits

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. The pension benefit obligation of Adden Technology (Shenzhen) Co., Ltd is defined contribution plan. Adden (Shenzhen) contributes and deposits insurance money to employee's endowment insurance account, which is totally separated from the company. The account transfers as long as the employee leaves and the money contributed should be recognized as current expense. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs amounted to \$6,953 thousand and \$19,156 thousand for the years ended December 31, 2020 and 2019, respectively.

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**Adden Technology Co., Ltd AND SUBSIDIARIES**  
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(n) Income tax

(i) Income tax expense

The components of income tax in the years 2020 and 2019 were as follow:

|                                                   | <b>2020</b>              | <b>2019</b>           |
|---------------------------------------------------|--------------------------|-----------------------|
| Current tax expense                               |                          |                       |
| Current period                                    | \$ 150,347               | 145,545               |
| Adjustment for prior periods                      | 1,964                    | 91                    |
|                                                   | <u>152,311</u>           | <u>145,636</u>        |
| Deferred tax expense                              |                          |                       |
| Origination and reversal of temporary differences | 4,311                    | 9,066                 |
|                                                   | <u>4,311</u>             | <u>9,066</u>          |
| Tax expense                                       | <u><b>\$ 156,622</b></u> | <u><b>154,702</b></u> |

For the years ended December 31, 2020 and 2019, there was no income tax recognized in equity or other comprehensive income.

Reconciliation of income tax and profit before tax for 2020 and 2019 were as follows:

|                                                  | <b>2020</b>              | <b>2019</b>           |
|--------------------------------------------------|--------------------------|-----------------------|
| Profit excluding income tax                      | \$ <u>778,793</u>        | <u>755,554</u>        |
| Income tax using the company's domestic tax rate | 155,758                  | 151,110               |
| Effect of tax rates in foreign jurisdiction      | 3,433                    | 1,097                 |
| Non-deductible expense                           | 130                      | -                     |
| Tax-exempt income                                | (6,443)                  | (3,772)               |
| Change in unrecognized temporary differences     | 1,691                    | 5,590                 |
| Others                                           | 2,053                    | 677                   |
|                                                  | <u><b>\$ 156,622</b></u> | <u><b>154,702</b></u> |

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax liabilities

The consolidated entity is able to control the timing of the reversal of the temporary differences associated with investments in subsidiaries as of December 31, 2020 and 2019. Also, management considers it probable that the temporary differences will not reverse in the foreseeable future. Hence, such temporary differences are not recognized under deferred tax liabilities. Details are as follows:

|                                       | <b>December 31,<br/>2020</b> | <b>December 31,<br/>2019</b> |
|---------------------------------------|------------------------------|------------------------------|
| Unrecognized deferred tax liabilities | <u><b>\$ 6,028</b></u>       | <u><b>4,524</b></u>          |

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**Adden Technology Co., Ltd AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

2) Unrecognized deferred tax assets

|                                                | <b>December 31,<br/>2020</b> | <b>December 31,<br/>2019</b> |
|------------------------------------------------|------------------------------|------------------------------|
| Tax effect of deductible temporary differences | \$ 13,289                    | 10,427                       |
| The carryforward of unused tax losses          | 12,849                       | 12,211                       |
|                                                | <b><u>\$ 26,138</u></b>      | <b><u>22,638</u></b>         |

(iii) Recognized deferred tax assets and liabilities

Change in the amount of deferred tax assets and liabilities for 2020 and 2019 were as follows:

|                                      | <b>Unrealized<br/>loss on<br/>valuation of<br/>inventories</b> | <b>Loss on<br/>investment</b> | <b>Others</b>         | <b>Total</b>         |
|--------------------------------------|----------------------------------------------------------------|-------------------------------|-----------------------|----------------------|
| Deferred tax assets:                 |                                                                |                               |                       |                      |
| Balance at January 1, 2020           | \$ -                                                           | 12,000                        | 3,245                 | 15,245               |
| Recognized in profit or loss         | -                                                              | (3,000)                       | (1,342)               | (4,342)              |
| Effect of movement in exchange rates | -                                                              | -                             | 1                     | 1                    |
| Balance at December 31, 2020         | <b><u>\$ -</u></b>                                             | <b><u>9,000</u></b>           | <b><u>1,904</u></b>   | <b><u>10,904</u></b> |
| Balance at January 1, 2019           | \$ 680                                                         | 20,294                        | 3,297                 | 24,271               |
| Recognized in profit or loss         | (680)                                                          | (8,294)                       | (24)                  | (8,998)              |
| Effect of movement in exchange rates | -                                                              | -                             | (28)                  | (28)                 |
| Balance at December 31, 2019         | <b><u>\$ -</u></b>                                             | <b><u>12,000</u></b>          | <b><u>3,245</u></b>   | <b><u>15,245</u></b> |
| Deferred tax liabilities:            |                                                                |                               | <b>Others</b>         |                      |
| Balance at January 1, 2020           |                                                                |                               | \$ (81)               |                      |
| Recognized in profit or loss         |                                                                |                               | 31                    |                      |
| Balance at December 31, 2020         |                                                                |                               | <b><u>\$ (50)</u></b> |                      |
| Balance at January 1, 2019           |                                                                |                               | \$ (13)               |                      |
| Recognized in profit or loss         |                                                                |                               | (68)                  |                      |
| Balance at December 31, 2019         |                                                                |                               | <b><u>\$ (81)</u></b> |                      |

(iv) Assessment of tax

The Company's tax returns for the years through 2018 were assessed by the tax authority. The tax returns for Adden Technology (SHENZHEN) Co., Ltd. and Adden Technology (HK) Co., Ltd. were declared to local tax authority for the years through 2019.

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**Adden Technology Co., Ltd AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(o) Capital and other equity

As of December 31, 2020 and 2019, the total value of authorized ordinary shares were both amounted to \$500,000 thousand with par value of \$10 per share and the contributed capital were amounted to \$429,385 thousand and \$425,755 thousand.

Reconciliation of shares outstanding for 2020 and 2019 was as follows:

(in thousand shares)

|                                         | <b>Ordinary share</b>   |                      |
|-----------------------------------------|-------------------------|----------------------|
|                                         | <b>2020</b>             | <b>2019</b>          |
| Balance on January 1                    | 42,576                  | 42,579               |
| Retirement of restricted employee stock | -                       | (3)                  |
| Issuance of restricted employee stock   | 363                     | -                    |
| Balance on December 31                  | <u><u>\$ 42,939</u></u> | <u><u>42,576</u></u> |

(i) Ordinary share

In 2019, the Company had cancelled 3 thousand shares since the employee did not achieve the vesting conditions of restricted stock awards.

(ii) Capital surplus

The balances of capital surplus as of December 31, 2020 and 2019, were as follows:

|                                                                                      | <b>December 31,<br/>2020</b> | <b>December 31,<br/>2019</b> |
|--------------------------------------------------------------------------------------|------------------------------|------------------------------|
| Share premium                                                                        | \$ 313,411                   | 338,956                      |
| Employee share options                                                               | 2,269                        | 2,269                        |
| Restricted stock awards                                                              | 62,656                       | -                            |
| Changes in equity of associated and joint ventures accounted for using equity method | -                            | 641                          |
|                                                                                      | <u><u>\$ 378,336</u></u>     | <u><u>341,866</u></u>        |

At the general meeting of shareholders held on June 18, 2020 and June 20, 2019, the Company approved a resolution to distribute \$25,545 thousand and \$80,900 thousand from capital surplus of share premium as cash dividend of \$0.6 and \$1.9 per share, respectively

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

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**Adden Technology Co., Ltd AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(iii) Retained earnings

According to the Company's article of incorporation, the Company's annual net profit shall first pay taxes, offset accumulated deficits, and then allocate 10% thereof as legal reserve. However, where such legal reserve amounts reach to the total authorized capital, this provision shall not apply. In consideration of the operation needs and relative laws and regulations, the Company shall allocate special reserve. If there are remaining profits after paying share dividends, the profits shall be add with any accumulated unappropriated earnings form priors years, and the Board of Directors shall propose earning distribution plan for the resolution of the general meeting of shareholders.

The Company is in the stage of enterprise growth. The dividends will be, and will be distributed in the types of stock dividends or cash dividend, which will be determined moderately according to the future capital demand and equity dilution. The cash dividends shall not less than 10% of the total dividends in principle. However, the type and ratio of this surplus distribution shall depends on the actual profit and capital status of the year, and shall be approved by the resolution of the Shareholders' meeting.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

In accordance with Ruling No. 1010012865 issued by the FSC on April 6, 2012, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. The amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions. As of December 31, 2020 and 2019, the balance of special earnings reserve were \$223,776 thousand and 200,278 thousand.

3) Earnings Distribution

Earnings distribution for 2019 and 2018 was decided by the resolution adopted, at the general meeting of shareholders held on June 18, 2020 and June 14, 2019, respectively. The relevant dividend distributions to shareholders were as follow:

|                                               | 2019                      |                          | 2018                      |                          |
|-----------------------------------------------|---------------------------|--------------------------|---------------------------|--------------------------|
|                                               | <u>Dividend per Share</u> | <u>Amount (thousand)</u> | <u>Dividend per Share</u> | <u>Amount (thousand)</u> |
| Dividends disrtibuted to common shareholders: |                           |                          |                           |                          |
| Cash                                          | \$ 12.20                  | <u>519,421</u>           | 10.60                     | <u>451,337</u>           |

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**Adden Technology Co., Ltd AND SUBSIDIARIES**  
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On March 18, 2021, the Company resolved to appropriate the 2020 earnings to its shareholders with cash dividends amounting to \$12 dollar per share, and share dividends amounting to \$1.83 dollar per share.

The amount of relevant dividend distributed to shareholders were a cash dividend of \$12 dollar per share and a stock dividend of \$1.83 dollar per share.

(iv) Other equity (net of taxes)

|                                                                                                           | Exchange<br>differences on<br>translation of<br>foreign<br>financial<br>statements | Unrealized<br>gains (losses)<br>from financial<br>asset measured<br>at fair value<br>through other<br>comprehensive<br>income | Unearned<br>employee<br>compensation | Amount           |
|-----------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|------------------|
| Balance at January 1, 2020                                                                                | \$ (103,729)                                                                       | (120,047)                                                                                                                     | -                                    | (223,776)        |
| Exchange differences of net asset in foreign operations                                                   | (1,534)                                                                            | -                                                                                                                             | -                                    | (1,534)          |
| Unrealized gains (losses) from financial asset measured at fair value through over comprehensive income   | -                                                                                  | (23,539)                                                                                                                      | -                                    | (23,539)         |
| Disposal of investments in equity instruments designated at fair value through other comprehensive income | -                                                                                  | (31,589)                                                                                                                      | -                                    | (31,589)         |
| Share-based payment                                                                                       | -                                                                                  | -                                                                                                                             | (56,193)                             | (56,193)         |
| Balance at December 31, 2020                                                                              | <u>\$ (105,263)</u>                                                                | <u>(175,175)</u>                                                                                                              | <u>(56,193)</u>                      | <u>(336,631)</u> |
| Balance at January 1, 2019                                                                                | \$ (80,934)                                                                        | (119,343)                                                                                                                     | (2,278)                              | (202,555)        |
| Exchange differences of net asset in foreign operations                                                   | (22,795)                                                                           | -                                                                                                                             | -                                    | (22,795)         |
| Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income | -                                                                                  | (704)                                                                                                                         | -                                    | (704)            |
| Share-based payment                                                                                       | -                                                                                  | -                                                                                                                             | 2,278                                | 2,278            |
| Balance at December 31, 2019                                                                              | <u>\$ (103,729)</u>                                                                | <u>(120,047)</u>                                                                                                              | <u>-</u>                             | <u>(223,776)</u> |

(p) Share-based payment

The Board of Directors' meeting on 18 June 2020 and 16 June 2016, the Group decided to award \$424 thousand and \$737 thousand new shares of restricted stock to those full-time employees whose performance assessment was excellent. The restricted stock has been registered with and approved by the Securities and Futures Bureau of the Financial Supervisory Commission, R.O.C. On June 18, 2020 and 19 September 2016, the Board of Directors issued \$363 thousand and \$320 thousand stock. The capital increase date was on 15 October 2020 and 14 October, 2016.

In 2020, those employees with the restricted stock awards are entitled to obtain complimentary shares with the condition that these employees continue to provide service to the Company for at least 4 years (from the grant date). 50% of the restricted stock is vested in year 1 after the grant date, 25% of the restricted stock is vested in year 2 after the grant date, 15% of the restricted stock is vested in year 3 after the grant date, and the remaining 10% is vested in year 4 after the grant date. These employees could acquire without consideration.

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**Adden Technology Co., Ltd AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

In 2016, those employees with the restricted stock awards are entitled to obtain complimentary shares with the condition that these employees achieve the performance and continue to provide service to the Company for at least 3 years (from the grant date). 40% of the restricted stock is vested in year 1 after grant date, 40% of the restricted stock is vested in year 2 after the grant date, and the remaining 20% is vested in year 3 after the grant date. These employees could acquire without consideration.

If these employees who obtain the restricted stock awards violate Regulations Governing Issuance of Restricted Stock Awards in 2016 and 2020, employment contract, confidential contract, trust contract, Ethical Corporate Management Best Practice Principles, Codes of Ethical Conduct, the Rules of Information Security, Work Rules, Employee Manual, and so on, the Company will repurchase all the unvested shares without charge, and cancel the shares thereafter.

These shares shall not be sold, pledged, transferred, gifted, or disposed of by any other means to third parties during the custody period, except for inheritance. The voting rights of these shareholders are executed by the custodian, and the custodian will act based on law and regulations. The rights of shares are the same as issued ordinary share, except for the above restrictions.

As of December 31, 2020 and 2019, balances of employee unearned compensation were \$56,193 thousand and \$0 thousand, and the expense sprang from the restricted stock awards was \$10,093 thousand and \$3,194 thousand, respectively.

Details of the restricted stock of the Company are as follows:

|                            | <u>2020</u>   | <u>2019</u> |
|----------------------------|---------------|-------------|
| Outstanding at 1 January   | \$ -          | 63          |
| Granted during the year    | 363           | -           |
| Vested during the year     | -             | (60)        |
| Forfeited during the year  | -             | (3)         |
| Outstanding at 31 December | <u>\$ 363</u> | <u>-</u>    |

(q) Earnings per share

The calculation of basic earnings per share and diluted earnings per share for the year 2020 and 2019 are as follows:

(i) **Basic earnings per share**

|                                                              | <u>2020</u>       | <u>2019</u>    |
|--------------------------------------------------------------|-------------------|----------------|
| Profit attributable to ordinary shareholders of the Company  | <u>\$ 627,399</u> | <u>601,159</u> |
| Weighted average number of ordinary shares (thousand shares) | <u>42,576</u>     | <u>42,529</u>  |
| <b>Basic earnings per share (NT dollars)</b>                 | <u>\$ 14.74</u>   | <u>14.14</u>   |

(Continued)

**Adden Technology Co., Ltd AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) **Diluted earnings per share**

|                                                              | <b>2020</b>       | <b>2019</b>    |
|--------------------------------------------------------------|-------------------|----------------|
| Profit attributable to ordinary shareholders of the Company  | \$ <u>627,399</u> | <u>601,159</u> |
| Weighted average number of ordinary shares (thousand shares) | 42,576            | 42,529         |
| Effect of dilutive potential ordinary shares                 |                   |                |
| Effect of employee share bonus                               | 306               | 254            |
| Effect of restricted employee shares unvested                | 8                 | 48             |
| Weighted average number of ordinary shares (diluted)         | <u>42,890</u>     | <u>42,831</u>  |
| <b>Diluted earnings per share (NT dollars)</b>               | <u>\$ 14.63</u>   | <u>14.04</u>   |

(r) **Revenue from contracts with customers**

(i) **Disaggregation of revenue**

|                                | <b>2020</b>         | <b>2019</b>      |
|--------------------------------|---------------------|------------------|
| Primary geographical markets:  |                     |                  |
| Taiwan                         | \$ 1,487,428        | 1,413,137        |
| Other                          | <u>52,347</u>       | <u>54,894</u>    |
|                                | <u>\$ 1,539,775</u> | <u>1,468,031</u> |
| Major products/services lines: |                     |                  |
| Revenue of internet service    | \$ 1,210,205        | 1,125,981        |
| Platform commission income     | 329,570             | 330,858          |
| Product sales                  | <u>-</u>            | <u>11,192</u>    |
|                                | <u>\$ 1,539,775</u> | <u>1,468,031</u> |

For the year ended December 31, 2020 and 2019, revenue from e-commerce was \$1,431,110 thousand and \$1,366,718 thousand, which were both 93% of total revenue.

(ii) **Contract balances**

|                                                    | <b>December 31,<br/>2020</b> | <b>December 31,<br/>2019</b> | <b>January 1,<br/>2018</b> |
|----------------------------------------------------|------------------------------|------------------------------|----------------------------|
| Trade receivable                                   | \$ 100,947                   | 132,183                      | 132,183                    |
| Less: allowance for impairment                     | <u>(24,598)</u>              | <u>(11,804)</u>              | <u>(11,804)</u>            |
|                                                    | <u>\$ 76,349</u>             | <u>120,379</u>               | <u>120,379</u>             |
| Contract liability-Internet service                | \$ 244,276                   | 199,303                      | 199,303                    |
| Contract liability-online advertising solicitation | <u>-</u>                     | <u>50</u>                    | <u>50</u>                  |
|                                                    | <u>\$ 244,276</u>            | <u>199,353</u>               | <u>199,353</u>             |

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**Adden Technology Co., Ltd AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

For details on trade receivable and allowance for impairment, please refer to note 6(c).

The amount of revenue recognized for the years ended December 31, 2020 and 2019, that were included in the contract liability balance at the beginning of the period were 211,361 thousand and 199,448 thousand, respectively.

(s) Employee compensation and directors' and supervisors' remuneration

In accordance with the articles of incorporation, where the Company has earnings in a giving year, the Company shall allocate 1% or above of earnings as staff remunerations, 3% or below as Directors and Supervisors remunerations. However, if there is still accumulated loss of the Company, the Company shall reserve the compensation amount in advance.

The persons who are entitled to receive cash or shares as staff remuneration stipulated in the preceding paragraph including the employees of parents or subsidiaries of the Company meeting certain specific requirements.

For the years ended December 31, 2020 and 2019, the Company estimated its employee remuneration and directors' and supervisors' remuneration amounting as following:

|                                          | <u>2020</u>          | <u>2019</u>          |
|------------------------------------------|----------------------|----------------------|
| Employee compensation                    | 54,500               | 51,800               |
| Directors' and supervisors' remuneration | 7,560                | 7,400                |
|                                          | <u><b>62,060</b></u> | <u><b>59,200</b></u> |

The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during 2020 and 2019. The employee compensation which assign with share capital, the estimated amounts are calculated base on the day before decision to assign by board of directions.

The amounts, as stated in the consolidated financial statements, are identical to those of the actual distributions for 2020 and 2019. Related information would be available at the Market Observation Post System website.

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**Adden Technology Co., Ltd AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(t) Non-operatin income and expenses

(i) Interest income

The details of interest income were as follows:

|                                    | <b>2020</b>     | <b>2019</b>  |
|------------------------------------|-----------------|--------------|
| Interest income from bank deposits | <b>\$ 4,008</b> | <b>4,919</b> |

(ii) Other income

The details of other income were as follows:

|                      | <b>2020</b>      | <b>2019</b>   |
|----------------------|------------------|---------------|
| Rent income          | 5,351            | 2,901         |
| Dividend income      | 3,010            | 1,478         |
| Handling charge      | 10,802           | 8,344         |
| Other income, others | 9,113            | 2,579         |
|                      | <b>\$ 28,276</b> | <b>15,302</b> |

(iii) Other gains and losses

The details of other gains and losses were as follows:

|                                                         | <b>2020</b>       | <b>2019</b>  |
|---------------------------------------------------------|-------------------|--------------|
| Losses on disposals of property, plant and equipment    | \$ (51)           | (206)        |
| Gains on disposals of investments                       | 608               | 545          |
| Foreign exchange (losses) gains                         | (2,664)           | 849          |
| Financial assets at fair value through profit or (loss) | (648)             | 189          |
| Miscellaneous disbursements                             | (1,334)           | (279)        |
|                                                         | <b>\$ (4,089)</b> | <b>1,098</b> |

(iv) Finance costs

The details of finance costs were as follows:

|                  | <b>2020</b>   | <b>2019</b> |
|------------------|---------------|-------------|
| Interest expense | <b>\$ 166</b> | <b>289</b>  |

(Continued)

**Adden Technology Co., Ltd AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(u) Reclassification adjustments of components of other comprehensive income

The details of reclassification adjustments of components of other comprehensive income were as follows:

|                                                                    | <u>2020</u>     | <u>2019</u> |
|--------------------------------------------------------------------|-----------------|-------------|
| Debt instruments at fair value through other comprehensive income: |                 |             |
| Net change in fair value                                           | \$ 2,356        | 584         |
| Net change in fair value reclassified to profit or loss            | (608)           | (545)       |
| Net change in fair value recognized in other comprehensive income  | <u>\$ 1,748</u> | <u>39</u>   |

(v) Financial instrument

(i) Type of financial instrument

1) Financial assets

|                                                                     | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|---------------------------------------------------------------------|--------------------------|--------------------------|
| Financial assets at fair value through profit or loss:              |                          |                          |
| Financial assets designated as at fair value through profit or loss | \$ 22,809                | -                        |
| Financial assets at fair value through other comprehensive income   | <u>141,297</u>           | <u>259,306</u>           |
| Amortized cost financial assets:                                    |                          |                          |
| Cash and cash equivalents                                           | 725,288                  | 670,101                  |
| Note and trade receivables                                          | 76,349                   | 87,691                   |
| Trade receivable due from related parties                           | 55,591                   | 64,777                   |
| Other financial assets                                              | <u>573,479</u>           | <u>569,939</u>           |
| Subtotal                                                            | <u>1,430,707</u>         | <u>1,392,508</u>         |
| Total                                                               | <u>\$ 1,594,813</u>      | <u>1,651,814</u>         |

(Continued)

**Adden Technology Co., Ltd AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

2) Financial liabilities

|                                                   | <b>December 31,<br/>2020</b> | <b>December 31,<br/>2019</b> |
|---------------------------------------------------|------------------------------|------------------------------|
| Financial liabilities measured at amortized cost: |                              |                              |
| Note and trade payables                           | 3,600                        | 205                          |
| Other payables                                    | 323,109                      | 288,003                      |
| Receipts under custody                            | 437,327                      | 427,202                      |
| Total                                             | <b>\$ 764,036</b>            | <b>715,410</b>               |

(ii) Credit risk

1) Credit risk exposure

The carrying amount of financial assets and contract assets represents the maximum amount exposed to credit risk.

2) Concentration of credit risk

As the Group has a large customer base and does not have a significant concentration of transactions with a single customer, the credit risk of accounts has no significant concentration.

(iii) Liquidity risk

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

|                                      | <b>Contractual<br/>cash flows</b> | <b>Within 6 months</b> |
|--------------------------------------|-----------------------------------|------------------------|
| December 31, 2020                    |                                   |                        |
| Non-derivative financial liabilities |                                   |                        |
| Note and trade payables              | \$ 3,600                          | 3,600                  |
| Other payables                       | 323,109                           | 323,109                |
| Receipts under custody               | 437,327                           | 437,327                |
|                                      | <b>\$ 764,036</b>                 | <b>764,036</b>         |
| December 31, 2019                    |                                   |                        |
| Non-derivative financial liabilities |                                   |                        |
| Note and trade payables              | \$ 205                            | 205                    |
| Other payables                       | 288,003                           | 288,003                |
| Receipts under custody               | 427,202                           | 427,202                |
|                                      | <b>\$ 715,410</b>                 | <b>715,410</b>         |

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**Adden Technology Co., Ltd AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(iv) Currency risk

1) Exposure to foreign currency risk

The Group's financial assets and liabilities were not had significant risk expose in foreign currency

(v) Interest rate analysis

The Group's financial asset and liabilities did not face risk exposure to interest rate, please refer to the notes on liquidity risk management and interest rate exposure of the Group's financial assets and liabilities.

(vi) Other market price risk

|                                           | 2020                                 |            | 2019                                 |            |
|-------------------------------------------|--------------------------------------|------------|--------------------------------------|------------|
| Price of securities at the reporting date | Other comprehensive income after tax | Net income | Other comprehensive income after tax | Net income |
| Increasing 1%                             | \$ 1,263                             | -          | 2,273                                | -          |
| Decreasing 1%                             | \$ (1,263)                           | -          | (2,273)                              | -          |

(vii) Information of fair value

1) Fair value of financial instrument

The fair value of financial assets at fair value through other comprehensive income is measured on a recurring basis. 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:

|                                                                         | December 31, 2020 |            |         |         |         |
|-------------------------------------------------------------------------|-------------------|------------|---------|---------|---------|
|                                                                         | Book Value        | Fair value |         |         | Total   |
|                                                                         |                   | Level 1    | Level 2 | Level 3 |         |
| Financial assets at fair value through profit or loss bonds investments | \$ 22,809         | 22,809     | -       | -       | 22,809  |
| Financial assets at fair value through other comprehensive income       |                   |            |         |         |         |
| Stocks in domestic listed markets                                       | 14,417            | -          | 14,417  | -       | 14,417  |
| Stock in domestic unlisted company                                      | 111,915           | -          | -       | 111,915 | 111,915 |
| Funds investments                                                       | 14,965            | 14,965     | -       | -       | 14,965  |
| Total                                                                   | \$ 164,106        | 37,774     | 14,417  | 111,915 | 164,106 |

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**Adden Technology Co., Ltd AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

| December 31, 2019                                                 |                   |               |               |                |                |
|-------------------------------------------------------------------|-------------------|---------------|---------------|----------------|----------------|
|                                                                   | Book Value        | Fair value    |               |                | Total          |
|                                                                   |                   | Level 1       | Level 2       | Level 3        |                |
| Financial assets at fair value through other comprehensive income |                   |               |               |                |                |
| Stocks in domestic listed company                                 | \$ 24,983         | -             | 24,983        | -              | 24,983         |
| Stocks in unlisted company                                        | 202,267           | -             | -             | 202,267        | 202,267        |
| Funds investments                                                 | 14,762            | 14,762        | -             | -              | 14,762         |
| Bonds investments                                                 | 17,294            | 17,294        | -             | -              | 17,294         |
| Total                                                             | <u>\$ 259,306</u> | <u>32,056</u> | <u>24,983</u> | <u>202,267</u> | <u>259,306</u> |

2) Valuation techniques for financial instruments measured at fair value

a) Non-derivative financial instruments

If a financial instrument has a quoted price in an active market, the quoted price is used as fair value. The quoted price of a financial instrument obtained from major exchanges and over-the counter markets are the basis used to determine the fair value of a listed company's stock and the quoted prices in an active market.

In addition, the fair value of a private equity instrument is measured by its market value, taking its non-active-market liquidity discount into consideration by adjusting its market value using its put option. The main assumption is that when an investor hold such a restricted equity instrument, the investor can buy a put option, with the strike price equivalent to the market value of such restricted equity instrument, to ensure that the investor can still sell its instrument at current market price after termination of restricted trading period. Therefore, the value of its put option, which is measured by using the Black-Scholes model, stands for the cost that the investor is willing to pay in order to ensure the liquidity of equity security market.

The Group uses the following methods in determining the fair value of its financial instruments without a quoted price in an active market:

Financial assets at FVOCI- non-current are investments in non-listed stock. The fair value is based on the market approach of comparable business. For non-listed stock, the price is based on the estimated earnings before interest, taxes, depreciation, and amortization of investee and the quoted price in an active market of comparable companies. The estimated fair value is adjusted for the lack of liquidity.

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**Adden Technology Co., Ltd AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

3) Reconciliation of Level 3 fair values

|                                   | <u>Fair value through<br/>other comprehensive income<br/>Unquoted equity instruments</u> |
|-----------------------------------|------------------------------------------------------------------------------------------|
| Opening balance, January 1, 2020  | \$ 202,267                                                                               |
| Total gains and losses recognized |                                                                                          |
| In profit or loss                 | -                                                                                        |
| In other comprehensive income     | (14,721)                                                                                 |
| Disposal                          | (103,631)                                                                                |
| Purchased                         | 30,000                                                                                   |
| Cash refund capital reduction     | (2,000)                                                                                  |
| Ending Balance, December 31, 2020 | <u>\$ 111,915</u>                                                                        |
| Opening balance, January 1, 2019  | \$ 137,454                                                                               |
| Total gains and losses recognized |                                                                                          |
| In profit or loss                 | -                                                                                        |
| In other comprehensive income     | 32,471                                                                                   |
| Purchased                         | 50,000                                                                                   |
| Cash refund capital reduction     | (17,658)                                                                                 |
| Ending Balance, December 31, 2019 | <u>\$ 202,267</u>                                                                        |

For the years ended December 31, 2020 and 2019, total gains and losses that were included in “other gains and losses” and “unrealized gains and losses from financial assets at fair value through other comprehensive income” were as follows:

|                                                                                                                                                               | <u>2020</u> | <u>2019</u> |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|-------------|
| Total gains and losses recognized                                                                                                                             |             |             |
| In other comprehensive income, and presented<br>in “unrealized gains and losses from financial<br>assets at fair value through other<br>comprehensive income” | \$ (14,721) | 32,471      |

4) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group’s financial instruments that use Level 3 inputs to measure fair value include “financial assets measured at fair value through other comprehensive income – equity security investments”.

Most of fair value that use Level 3 have single significant unobservable inputs, only measurements of fair value of equity instruments without an active market had several significant unobservable inputs. Due to independence of significant unobservable inputs in equity instruments without an active market, there were no exist correlation between each other.

(Continued)

**Adden Technology Co., Ltd AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Quantified information of significant unobservable inputs was as follows:

| Item                                                                                                          | Valuation technique            | Significant unobservable inputs                                                                                                                                                                                                                       | Inter-relationship between significant unobservable inputs and fair value measurement                                                                                                                               |
|---------------------------------------------------------------------------------------------------------------|--------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Financial assets at fair value through other comprehensive income-equity investments without an active market | Comparable company analysis    | <ul style="list-style-type: none"> <li>· P/B ratio (1.40~5.48 and 0.79~20.98 on December 31, 2020 and 2019, respectively)</li> <li>· Lack-of-Marketability Discount (30.00% and 19.88%~37.09% on December 31, 2020 and 2019, respectively)</li> </ul> | <p>The estimated fair value would increase (decrease) if:</p> <ul style="list-style-type: none"> <li>· The P/B ratio were higher (lower);</li> <li>· Lack-of-Marketability discount were lower (higher).</li> </ul> |
| Financial assets at fair value through other comprehensive income-equity investments without an active market | Binomial options pricing model | <ul style="list-style-type: none"> <li>· Volatility (37.11% on December 31, 2020 and 2019, respectively)</li> <li>· Equity Value (5.84~10.73 and 8.29 on December 31, 2020 and 2019, respectively)</li> </ul>                                         | <p>The estimated fair value would increase (decrease) if:</p> <ul style="list-style-type: none"> <li>· The volatility were lower (higher);</li> <li>· The equity value were higher (lower).</li> </ul>              |
| Financial assets at fair value through other comprehensive income-equity investments without an active market | Net asset valuation method     | <ul style="list-style-type: none"> <li>· Net asset valuation</li> </ul>                                                                                                                                                                               | Not applicable                                                                                                                                                                                                      |

(Continued)

**Adden Technology Co., Ltd AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- 5) Fair value measurements in Level 3– sensitivity analysis of reasonably possible alternative assumptions

For fair value measurements in Level 3, changing one or more of the assumptions to reflect reasonably possible alternative assumptions would have the following effects:

|                                                                |                                 |           | Profit or loss |              | Other comprehensive income |              |
|----------------------------------------------------------------|---------------------------------|-----------|----------------|--------------|----------------------------|--------------|
|                                                                | Inputs                          | Variation | Favourable     | Unfavourable | Favourable                 | Unfavourable |
| December 31, 2020                                              |                                 |           |                |              |                            |              |
| Financial assets fair value through other comprehensive income |                                 |           |                |              |                            |              |
| Investment in equity instrument without active market          | P/B ratio                       | 5%        | -              | -            | 1,639                      | (1,640)      |
|                                                                | Lack-of-Market ability discount | 1%        | -              | -            | 463                        | (463)        |
|                                                                | Volatility                      | 1%        | -              | -            | 640                        | (606)        |
|                                                                | Equity value                    | 5%        | -              | -            | 1,266                      | (1,256)      |
| December 31, 2019                                              |                                 |           |                |              |                            |              |
| Financial assets fair value through other comprehensive income |                                 |           |                |              |                            |              |
| Investment in equity instrument without active market          | P/B ratio                       | 5%        | -              | -            | 1,976                      | (1,975)      |
|                                                                | Lack-of-Market ability discount | 5%        | -              | -            | 629                        | (628)        |
|                                                                | Volatility                      | 1%        | -              | -            | 680                        | (690)        |
|                                                                | Equity value                    | 5%        | -              | -            | 590                        | (600)        |

(w) Financial risk management

(i) Overview

The Group have exposures to the following risks from its financial instruments:

- 1) credit risk
- 2) liquidity risk
- 3) market risk

The following likewise discusses the Group's objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying consolidated financial statements.

(Continued)

**Adden Technology Co., Ltd AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Structure of risk management

The Board of Directors has responsibility for the establishment and oversight of the risk management framework. Internal Audit is responsible for identifying and analyzing the risk faced by the Group. The heads of departments set appropriate risk limits and controls, and to monitor risks and adherence to limits. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The supervisors and independent directors oversee how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The supervisors and independent directors are assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the supervisors and independent directors.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investments in debt securities.

1) Trade and other receivable

The Group's expose of risk are affect by the individual status of each client. The management also considerate the statistics of the client basic data, including default risk of industry and country, these factor might affect credit risk.

The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and, in some cases, bank references. Purchase limits are established for each customer and represent the maximum open amount without requiring approval these limits are reviewed quarterly. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

2) Investments

The exposure to credit risk for the bank deposits, fixed income investments, and other financial instruments is measured and monitored by the Group's finance department. The Group only deals with banks, other external parties, corporate organizations, government agencies and financial institutions with good credit rating. The Group does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties.

(Continued)

**Adden Technology Co., Ltd AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Group is exposed to currency risk on sales, purchases, that are denominated in a currency other than the respective functional currencies of the Group's entities, primarily the New Taiwan Dollar (NTD), Hong Kong Dollar (HKD), and Chinese Yuan (CNY). The currencies used in these transactions are the NTD, USD, HKD, and CNY.

2) Other market price risk

The financial assets at fair value through other comprehensive income held by the Group are invested in stocks in domestic listed company and stocks in unlisted company. Because those are measured at fair value, the Group exposed to changes in the equity price. To manage market risk, the Group need to choose investment targets carefully and control the positions the Group held.

(x) Capital management

The Group's objectives for managing capital to safeguard the capacity to continue to operate, to continue to provide a return on shareholders, to maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares, or sell assets to settle any liabilities.

The Group and other entities in the same industry use the debt-to-equity ratio to manage capital. This ratio is the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities less cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, and other equity.

(Continued)

**Adden Technology Co., Ltd AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The Group's debt-to-equity ratio at the end of the reporting period as of December 31, 2020 and 2019 were as follows:

|                                     | <b>December 31,<br/>2020</b> | <b>December 31,<br/>2019</b> |
|-------------------------------------|------------------------------|------------------------------|
| Total liabilities                   | \$ 1,066,556                 | 976,472                      |
| Less: cash and cash equivalents     | 725,288                      | 670,101                      |
| Net debt                            | <b>\$ 341,268</b>            | <b>306,371</b>               |
| Total equity                        | <b>\$ 1,831,105</b>          | <b>1,771,100</b>             |
| Debt-to-equity ratio at December 31 | <b>18.64%</b>                | <b>17.30%</b>                |

As of December 31, 2020, the Group's capital management strategy is consistent with the prior year.

(y) Investing and financing activities not affecting current cash flow

The Group's investing and financing activities which did not affect the current cash flow to acquire right-of-use assets in the years ended December 31, 2020 and 2019.

Reconciliation of liabilities arising from financing activities were as follows:

|                                             | <b>January 1,<br/>2020</b> | <b>Cash flows</b> | <b>Acquisition</b> | <b>Non-cash changes</b>                                       | <b>December 31,<br/>2020</b> |
|---------------------------------------------|----------------------------|-------------------|--------------------|---------------------------------------------------------------|------------------------------|
|                                             |                            |                   |                    | Foreign exchange movement      Fair value changes      Others |                              |
| Lease liabilities                           | \$ 12,406                  | (4,879)           | -                  | (46)      -      1,816                                        | 9,297                        |
| Total liabilities from financing activities | <b>\$ 12,406</b>           | <b>(4,879)</b>    | <b>-</b>           | <b>(46)      -      1,816</b>                                 | <b>9,297</b>                 |

  

|                                             | <b>January 1,<br/>2019</b> | <b>Cash flows</b> | <b>Acquisition</b> | <b>Non-cash changes</b>                                       | <b>December 31,<br/>2019</b> |
|---------------------------------------------|----------------------------|-------------------|--------------------|---------------------------------------------------------------|------------------------------|
|                                             |                            |                   |                    | Foreign exchange movement      Fair value changes      Others |                              |
| Lease liabilities                           | \$ 6,178                   | (4,151)           | -                  | (49)      -      10,428                                       | 12,406                       |
| Total liabilities from financing activities | <b>\$ 6,178</b>            | <b>(4,151)</b>    | <b>-</b>           | <b>(49)      -      10,428</b>                                | <b>12,406</b>                |

**(7) Related-party transactions:**

(a) Names and relationship with related parties

The followings are entities that have had transactions with related party during the periods covered in the consolidated financial statements.

| <b>Name of related party</b>          | <b>Relationship with the Group</b> |
|---------------------------------------|------------------------------------|
| Digit Marketing Co., Ltd.             | An associate of the Group          |
| Element III Venture Capital Co., Ltd. | Same chairman with the Company     |

(Continued)

**Adden Technology Co., Ltd AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(b) Significant transactions with related parties

- (i) The amounts of services provided by the Company to related parties and trade receivable due to related parties were as follows:

|                           | Trade amount     |               | Trade receivable  |                   |
|---------------------------|------------------|---------------|-------------------|-------------------|
|                           | 2020             | 2019          | December 31, 2020 | December 31, 2019 |
| Associate-Digit Marketing | \$ <u>83,918</u> | <u>91,068</u> | <u>55,591</u>     | <u>64,777</u>     |

The Group signed a fourteen-month advertising sales contract and a one-year data use contract with Digit Marketing in September and December 2019, respectively, and the operating revenue were \$83,918 thousand and \$91,068 thousand in 2020 and 2019, respectively. Trade receivable from related parties amounting to \$55,591 thousand and \$64,777 thousand for the years ended December 31, 2020 and 2019, were uncollateralized; thus, no expected credit loss was recognized after the assessment. The term of receivable was 180 days.

The Group signed a thirteen-month advertising sales contract and a one-year data use contract with Digit Marketing in October and December 2020, respectively, and the effective date of the contract was January 1, 2021.

(ii) Leases

The Group leased its Taipei office to its associate in March 2018 and July 2019, with the total values of \$2,160 thousand (tax included) and \$1,100 thousand (tax included), based on the three-year and twenty-month agreements, respectively, which were taken reference to the office rental within the vicinity. The Company leased its Taichung and Kaohsiung office to its associate in March 2019 and September 2019, with the total values of \$918 thousand (tax included) and \$494 thousand (tax included), based on the two-year and nineteen-month agreement, respectively, of the office rental within the vicinity.

The Group recognized the amount of \$2,071 thousand and \$1,423 thousand as rent income, and there is no unpaid balance as of December 31, 2020 and 2019.

(iii) Other transaction with related parties

| Account            | Relationship | 2020  | 2019   |
|--------------------|--------------|-------|--------|
| Other income       | Associate    | 420   | 420    |
| Commission expense | Associate    | 5,597 | 25,431 |
| Rent income        | Associate    | 2,071 | 1,423  |
| Other expense      | Associate    | 769   | 1,590  |

  

| Account           | Relationship | December 31, 2020 | December 31, 2019 |
|-------------------|--------------|-------------------|-------------------|
| Other payables    | Associate    | \$ 66             | 295               |
| Other receivables | Associate    | 125               | -                 |

(Continued)



**Adden Technology Co., Ltd AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The Group signed a fourteen-month advertising project contract with Digit Marketing in September 2019. The contract stipulated that the Group needs to pay a fixed percentage of amount according to actual solicitation as commission expense. The amount of \$5,597 thousand and \$25,431 thousand was recognized for the year ended December 31, 2020 and 2019, respectively.

(iv) Other

The Group invested 4,000,000 Class A special shares and 1,000,000 Class B special shares in Element III Venture Capital Co., Ltd., with total investment of \$50,000 thousand.

(c) Key management personnel compensation

|                              | 2020          | 2019          |
|------------------------------|---------------|---------------|
| Short-term employee benefits | 52,363        | 71,809        |
| Share-based payments         | 4,720         | 11,464        |
|                              | <u>57,083</u> | <u>83,273</u> |

Please refer to note 6(p) for further explanation related to shared-based payments.

(8) Pledged assets:

| Pledged assets                                    | Object                                                                | December 31,<br>2020 | December<br>31, 2019 |
|---------------------------------------------------|-----------------------------------------------------------------------|----------------------|----------------------|
| Other current financial assets<br>(time deposits) | License of employment service<br>agency                               | \$ 3,000             | -                    |
| Other current financial assets<br>(trust account) | Obligation of collection and<br>payment on behalf of<br>another party | 463,079              | -                    |
|                                                   |                                                                       | <u>\$ 466,079</u>    | <u>-</u>             |

(9) Commitments and contingencies:

The carrying values of pledged assets were as follows:

|                      | December 31,<br>2020 | December 31,<br>2019 |
|----------------------|----------------------|----------------------|
| Total contract price | \$ 101,580           | 237,050              |
| Not yet paid         | \$ 91,430            | 215,500              |

(10) Losses Due to Major Disasters:None

(11) Subsequent Events:None

(Continued)

**Adden Technology Co., Ltd AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**(12) Other:**

A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

|                            |            | For the year ended December 31 |                   |         |              |                   |         |
|----------------------------|------------|--------------------------------|-------------------|---------|--------------|-------------------|---------|
|                            |            | 2020                           |                   |         | 2019         |                   |         |
|                            |            | Cost of Sale                   | Operating Expense | Total   | Cost of Sale | Operating Expense | Total   |
| By item                    | By funtion |                                |                   |         |              |                   |         |
| Employee benefits          |            |                                |                   |         |              |                   |         |
| Salary                     |            | 238,590                        | 179,204           | 417,794 | 208,474      | 162,233           | 370,707 |
| Labor and health insurance |            | 8,519                          | 7,411             | 15,930  | 7,354        | 6,594             | 13,948  |
| Pension                    |            | 3,724                          | 3,229             | 6,953   | 15,604       | 3,552             | 19,156  |
| Remuneration of directors  |            | -                              | 5,610             | 5,610   | -            | 5,456             | 5,456   |
| Others                     |            | 6,723                          | 6,787             | 13,510  | 5,639        | 6,339             | 11,978  |
| Depreciation               |            | 19,366                         | 24,130            | 43,496  | 17,165       | 20,038            | 37,203  |
| Amortization               |            | -                              | 9,684             | 9,684   | -            | 9,726             | 9,726   |

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## Adden Technology Co., Ltd AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### (13) Other disclosures:

##### (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:

- (i) Loans to other parties: None
- (ii) Guarantees and endorsements for other parties: None
- (iii) Securities held as of December 31, 2020 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars)

| Name of holder | Category and name of security                                  | Relationship with company | Account title               | Ending balance           |                |                             |            | Highest Percentage of ownership (%) | Note  |
|----------------|----------------------------------------------------------------|---------------------------|-----------------------------|--------------------------|----------------|-----------------------------|------------|-------------------------------------|-------|
|                |                                                                |                           |                             | Shares/Units (thousands) | Carrying value | Percentage of ownership (%) | Fair value |                                     |       |
| The Company    | Stock<br>Jacker cleaning Inc.                                  | None                      | Equity investments at FVOCI | 360                      | 9,084          | 11.42 %                     | 9,084      | 11.42 %                             |       |
| The Company    | Stock<br>Element I Venture Capital Co., Ltd.                   | None                      | "                           | 1,800                    | 12,392         | 3.64 %                      | 12,392     | 3.64 %                              |       |
| The Company    | Stock<br>Cherri Tech Inc.                                      | None                      | "                           | 100                      | 23,357         | 4.68 %                      | 23,357     | 4.68 %                              |       |
| The Company    | Class A special share<br>Element III Venture Capital Co., Ltd. | Note1                     | "                           | 4,000                    | 30,520         | - %                         | 30,520     | - %                                 | Note2 |
| The Company    | Class B special share<br>Element III Venture Capital Co., Ltd. | Note1                     | "                           | 1,000                    | 12,640         | - %                         | 12,640     | - %                                 | Note2 |
| The Company    | Class A special share<br>Element IV Venture Capital Co., Ltd.. | None                      | "                           | 2,400                    | 18,408         | - %                         | 18,408     | - %                                 | Note2 |
| The Company    | Class B special share<br>Element IV Venture Capital Co., Ltd.  | None                      | "                           | 600                      | 5,514          | - %                         | 5,514      | - %                                 | Note2 |
| The Company    | Stock<br>Newretail Co., Ltd.                                   | None                      | "                           | 2,516                    | 14,417         | 5.24 %                      | 14,417     | 5.24 %                              |       |
| The Company    | Fund<br>UPAMC China High Yield Bond Fund                       | None                      | Debt investments at FVOCI   | -                        | 1,677          | - %                         | 1,677      | - %                                 |       |
| The Company    | Fund<br>Amundi Funds II-Emerging Markets Bond A USD D ExD      | None                      | "                           | -                        | 5,039          | - %                         | 5,039      | - %                                 |       |
| The Company    | Fund<br>UPAMC Dyna-Strategy Global Multi-Asset Fund B TWD      | None                      | "                           | -                        | 8,249          | - %                         | 8,249      | - %                                 |       |
| The Company    | Bond<br>Apple Inc. bond                                        | None                      | Financial assets at FVPL    | -                        | 16,513         | - %                         | 16,513     | - %                                 |       |
| The Company    | Bond<br>Credit Suisse Group AG                                 | None                      | "                           | -                        | 6,296          | - %                         | 6,296      | - %                                 |       |

Note1: The chairman is the same as the Company

Note2: No voting, suffrage and candidate eligibility at ordinary shareholders' meeting.

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## Adden Technology Co., Ltd AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock:None
- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

| Name of company                       | Name of property               | Transaction date | Transaction amount | Status of payment | Counter-party              | Relationship with the Company | If the counter-party is a related party, disclose the previous transfer information |                               |                  |        | References for determining price | Purpose of acquisition and current condition | Others |
|---------------------------------------|--------------------------------|------------------|--------------------|-------------------|----------------------------|-------------------------------|-------------------------------------------------------------------------------------|-------------------------------|------------------|--------|----------------------------------|----------------------------------------------|--------|
|                                       |                                |                  |                    |                   |                            |                               | Owner                                                                               | Relationship with the Company | Date of transfer | Amount |                                  |                                              |        |
| The Company                           | Land and building              | 2020.11.12       | 101,580            | 10,150            | Ruyico Tech Corporation.   | Non-related person            |                                                                                     |                               |                  | -      | Valuation report                 | personal-use                                 |        |
| Adden Technology (SHENZHEN) Co., Ltd. | Right-of-use-land and Building | 2019.11.13       | 237,270            | 232,270           | Wei-Chwn Wen Tsai-Ding Wen | Non-related person            |                                                                                     |                               |                  | -      | Valuation report                 | personal-use                                 |        |

- (vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock:None

(In Thousands of New Taiwan Dollars)

- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$300 million or 20% of the capital stock:None
- (viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:None
- (ix) Trading in derivative instruments:None
- (x) Business relationships and significant intercompany transactions:

(In Thousands of New Taiwan Dollars)

| No. | Name of company                 | Name of counter-party                 | Nature of relationship | Intercompany transactions |         |               |                                                            |
|-----|---------------------------------|---------------------------------------|------------------------|---------------------------|---------|---------------|------------------------------------------------------------|
|     |                                 |                                       |                        | Account name              | Amount  | Trading terms | Percentage of the consolidated net revenue or total assets |
| 0   | The Company                     | Adden Technology (SHENZHEN) Co., Ltd. | 1                      | Cost of service rendered  | 261,939 | T/T payment   | 17.01%                                                     |
| 0   | The Company                     | Adden Technology (SHENZHEN) Co., Ltd. | 1                      | Trade payables            | 52,018  | T/T payment   | 1.80%                                                      |
| 1   | Adden Technology (HK) Co., Ltd. | Adden Technology (SHENZHEN) Co., Ltd. | 3                      | Cost of service rendered  | 20,082  | T/T payment   | 1.30%                                                      |

(b) Information on investees:

The following is the information on investees for the years ended December 31, 2020 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars)

| Name of investor         | Name of investee                   | Location  | Main businesses and products  | Original investment amount |                     | Balance as of December 31, 2020 |                         |                | Highest Percentage of ownership | Net income (losses) of investee | Share of profits/losses of investee | Note              |
|--------------------------|------------------------------------|-----------|-------------------------------|----------------------------|---------------------|---------------------------------|-------------------------|----------------|---------------------------------|---------------------------------|-------------------------------------|-------------------|
|                          |                                    |           |                               | December 31, 2020          | December 31, 2019   | Shares (thousands)              | Percentage of ownership | Carrying value |                                 |                                 |                                     |                   |
| The Company              | Adden Technology (Samoa) Co., Ltd. | Samoa     | Foreign holding company       | 1,010,616 (USD29,760)      | 950,236 (USD27,510) | 31,760                          | 100.00 %                | 825,497        | 100.00 %                        | 690                             | 690                                 | Subsidiary (Note) |
| The Company              | Digit Marketing Co., Ltd.          | Taiwan    | Advertising                   | 7,441                      | 7,441               | 2,277                           | 30.29 %                 | 49,714         | 33.29 %                         | 89,445                          | 29,206                              | Associate         |
| Adden Technology (Samoa) | Adden Technology (HK) Co., Ltd.    | Hong Kong | Electronic information supply | 204,005 (USD6,500)         | 204,005 (USD6,500)  | 6,500                           | 70.00 %                 | 28,118         | 70.00 %                         | (17,425)                        | (12,198)                            | Subsidiary (Note) |

Note: Transactions within the Group were eliminated in the consolidated financial statements except for Digit Marketing Co., Ltd.

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## Adden Technology Co., Ltd AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(c) Information on investment in mainland China:

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

(In Thousands of New Taiwan Dollars)

| Name of investee                      | Main businesses and products                                    | Total amount of paid-in capital (Note 3) | Method of investment (Note 1) | Accumulated outflow of investment from Taiwan as of January 1, 2020 (Note 3) | Investment flows |        | Accumulated outflow of investment from Taiwan as of December 31, 2020 (Note 3) | Net income (losses) of the investee | Percentage of ownership | Highest percentage of ownership | Investment income (losses) (Note 2) | Book value | Highest Percentage of ownership | Accumulated remittance of earnings in current period |
|---------------------------------------|-----------------------------------------------------------------|------------------------------------------|-------------------------------|------------------------------------------------------------------------------|------------------|--------|--------------------------------------------------------------------------------|-------------------------------------|-------------------------|---------------------------------|-------------------------------------|------------|---------------------------------|------------------------------------------------------|
|                                       |                                                                 |                                          |                               |                                                                              | Outflow          | Inflow |                                                                                |                                     |                         |                                 |                                     |            |                                 |                                                      |
| Adden Technology (SHENZHEN) Co., Ltd. | System application management, maintenance and customer service | 708,126 (USD20,200)                      | ( 1 )                         | 567,626 (USD20,200)                                                          | 140,500          | -      | 708,126 (USD20,200)                                                            | 14,836                              | 100.00%                 | 100.00%                         | 14,836                              | 767,043    | -                               | -                                                    |

(ii) Limitation on investment in Mainland China:

| Accumulated Investment in Mainland China as of December 31, 2020 | Investment Amounts Authorized by Investment Commission, MOEA | Upper Limit on Investment |
|------------------------------------------------------------------|--------------------------------------------------------------|---------------------------|
| 708,126 (USD20,200)                                              | 708,126 (USD20,200)                                          | 1,090,246                 |

(iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions".

(d) Major shareholders:

| Shareholder's Name                                                                     | Shareholding | Shares    | Percentage |
|----------------------------------------------------------------------------------------|--------------|-----------|------------|
| SHENG CHEND Investment Co., Ltd.                                                       |              | 3,887,739 | 9.05 %     |
| QIAN YI Investment Co., Ltd.                                                           |              | 3,849,767 | 8.96 %     |
| JPMorgan Chase Bank, National Association Taipei branch mutual fund investment account |              | 3,560,000 | 8.29 %     |
| LIAO-SHI-FANG                                                                          |              | 3,437,142 | 8.00 %     |
| Cheng Yu Investment Co., Ltd.                                                          |              | 2,254,024 | 5.24 %     |

(Continued)

**Adden Technology Co., Ltd AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**(14) Segment information:**

(a) Internet service department

Internet service departments have been aggregated into a single operating segment as they have similar economic characteristics and use similar mode to provide service. For the year ended December 31, 2020 and 2019, the Group's segment financial information was the same as that in the consolidated financial statements.

(b) Geographic information

| <u>Geographic information</u>    | <u>2020</u>                | <u>2019</u>             |
|----------------------------------|----------------------------|-------------------------|
| Revenue from external customers: |                            |                         |
| Taiwan                           | \$ 1,487,428               | 1,430,087               |
| Other countries                  | <u>52,347</u>              | <u>48,657</u>           |
| Total                            | <u><u>\$ 1,539,775</u></u> | <u><u>1,478,744</u></u> |
|                                  | <u>December 31,</u>        | <u>December 31,</u>     |
|                                  | <u>2020</u>                | <u>2019</u>             |
| Non-current assets:              |                            |                         |
| Taiwan                           | \$ 526,329                 | 350,778                 |
| Chinese                          | <u>697,509</u>             | <u>490,662</u>          |
| Total                            | <u><u>\$ 1,223,838</u></u> | <u><u>841,440</u></u>   |

Non-current assets include property, plant and equipment, investment property, intangible assets, and other assets, not including financial instruments, investments accounted for using equity method, and deferred tax assets.