PANJIT INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

WITH REPORT OF INDEPENDENT ACCOUNTANTS

FOR THE NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2021 AND 2020

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Building a better working world

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Review Report of Independent Accountants

To PANJIT INTERNATIONAL INC.

Introduction

We have reviewed the accompanying consolidated balance sheets of PANJIT INTERNATIONAL INC. (the "Company") and its subsidiaries as of 30 September 2021 and 2020, the related consolidated statements of comprehensive income for the three-month and nine-month periods ended 30 September 2021 and 2020 and consolidated statements of changes in equity and cash flows for the nine-month periods ended 30 September 2021 and 2020, and notes to the consolidated financial statements, including the summary of significant accounting policies (together "the consolidated financial statements"). Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" as endorsed and became effective by Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

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

Basis for Qualified Conclusion

As explained in Note 4, the financial statements of certain insignificant subsidiaries were not reviewed by independent accountants. Those statements reflected total assets of $2,755,285 thousand and $2,722,170 thousand, constituting 12% and 16% of the consolidated total assets, and total liabilities of $1,049,396 thousand and $841,972 thousand, constituting 7% and 8% of the consolidated total liabilities as of 30 September 2021 and 2020, respectively; and total comprehensive income of $224,058 thousand, $374,155 thousand, $50,662 thousand and $256,657 thousand, constituting 27%, 24%, 17% and 35% of the consolidated total comprehensive income for the three-month and nine-month periods ended 30 September 2021 and 2020, respectively. As explained in Note 6. (8), the financial statements of certain associates and joint ventures accounted for under the equity method were not reviewed by independent accountants. Those associates and joint ventures under equity method amounted to $144,376 thousand and $82,756 thousand as of 30 September 2021 and 2020, respectively. The related shares of profits from the associates and joint ventures under the equity method amounted to $2,694 thousand, ($6,922) thousand, ($859) thousand and ($6,992) thousand for the three-month and nine-month periods ended 30 September 2021 and 2020, respectively. The information related to above subsidiaries, and associates and joint ventures accounted for under the equity method disclosed in Note 13 was also not reviewed by Independent accountants.

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Qualified Conclusion

Based on our reviews and the review reports of other independent accountants (please refer to the Other Matter paragraph of our report), except for the effect of such adjustments, if any, as might have been determined to be necessary had the financial statements of certain insignificant subsidiaries, associates and joint ventures accounted for using equity method and the information been reviewed by independent accountants described in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as at 30 September 2021 and 2020, and their consolidated financial performance for the three-month and nine-month periods ended 30 September 2021 and 2020, and their consolidated cash flows for the nine -month periods ended 30 September 2021 and 2020, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

Other Matter – Making Reference to the Reviews of Other Independent Accountants

We did not review the financial statements of certain investment accounted for under the equity method, which reflected the associates and joint ventures under equity method in the amount of $1,559,203 thousand, constituting 7% of consolidated total assets as of 30 September 2021, and the related shares of profits from the associates and joint ventures under the equity method of $32,834 thousand and $83,070 thousand, constituting 2% and 4% of consolidated pretax income for the three-month and nine-month periods ended 30 September 2021, respectively. Those financial statements were reviewed by other independent accountants, whose reports thereon have been furnished to us, and our review results are based solely on the reports of the other independent accountants.

Chen, Cheng-Chu

Fuh, Wen-Fun

Ernst & Young, Taiwan
10 November 2021

PANJIT INTERNATIONAL INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
30 September 2021, 31 December 2020 and 30 September 2020
(30 September 2021 and 2020 are unaudited)
(Expressed in Thousand of New Taiwan Dollars)

Assets	Notes	30 September 2021		31 December 2020		30 September 2020	
		Amount	%	Amount	%	Amount	%
Current assets							
Cash and cash equivalents	6(1)	$2,296,370	10	$1,947,779	11	$1,721,407	10
Financial assets at fair value through profit or loss-current	6(2)	907,192	4	1,460,640	8	1,878,402	11
Notes receivable, net	6(5).(20)	775,444	3	368,096	2	352,416	2
Trade receivable, net	6(6).(20)	4,264,196	19	3,443,558	20	3,263,184	19
Trade receivable-related parties, net	6(6).(20), 7	124,729	1	58,720	0	15,643	0
Other receivables, net		177,840	1	197,406	1	245,515	2
Other receivables-related parties, net	7	35,840	0	39,245	0	37,532	0
Inventories, net	6(7)	1,913,640	8	1,614,459	9	1,734,750	10
Prepayments		569,822	3	482,799	3	335,629	2
Other current assets	8	560,238	2	89,572	1	94,562	1
Total current assets		11,625,311	51	9,702,274	55	9,679,040	57
Non-current assets							
Financial assets at fair value through other comprehensive income-non-current	6(3)	1,382,320	6	1,171,947	7	934,599	5
Financial assets measured at amortized cost-non-current	6(4)	26,452	0	136,939	1	402,363	2
Investments accounted for using the equity method	6(8)	1,983,996	9	393,508	2	395,519	2
Property, plant and equipment	6(9),8	5,198,510	23	3,691,739	21	2,957,909	17
Right-of-use assets	6(21)	1,187,689	5	1,348,980	8	1,339,025	8
Intangible assets	6(10).(11)	228,999	1	253,937	1	303,316	3
Deferred tax assets		338,223	2	404,907	2	382,095	3
Prepayment for equipments		384,247	2	516,501	3	544,796	3
Refundable deposits		275,114	1	117,538	0	49,277	0
Other non-current assets		16,311	0	19,748	0	40,289	0
Total non-current assets		11,021,861	49	8,055,744	45	7,349,188	43
Total assets		$22,647,172	100	$17,758,018	100	$17,028,228	100

Liabilities and Equity	Notes	30 September 2021		31 December 2020		30 September 2020	
		Amount	%	Amount	%	Amount	%
Current liabilities							
Short-term borrowings	6(12)	$3,407,519	15	$1,898,733	11	$2,618,397	15
Financial liabilities at fair value through profit or loss-current	6(13)	-	-	2,925	0	-	-
Contract liabilities-current	6(19)	20,214	0	12,772	0	24,894	0
Notes payable	6(14)	728,751	3	556,694	3	472,645	3
Trade payable		1,738,212	8	1,399,977	8	1,376,180	9
Trade payable-related parties	7	184,089	1	99,114	0	67,459	0
Other payables		1,358,784	6	1,086,400	6	916,576	5
Other payables-related parties	7	39,264	0	39,921	0	38,935	0
Current tax liabilities		236,413	1	110,147	1	109,795	1
Lease liabilities-current	6(21)	35,455	0	35,583	0	35,028	0
Other current liabilities		35,457	0	26,470	0	71,879	0
Total current liabilities		7,784,158	34	5,268,736	29	5,731,788	33
Non-current liabilities							
Long-term borrowings	6(16), 8	5,913,546	26	4,643,731	26	3,990,664	23
Deferred tax liabilities		82,069	0	72,620	0	72,610	0
Lease liabilities-non-current	6(21)	167,491	1	202,441	1	207,021	1
Long-term deferred revenue	6(15)	104,099	0	100,701	1	99,264	1
Defined benefit liabilities-non-current		108,731	1	113,342	1	107,041	1
Other non-current liabilities		117,894	1	109,715	1	96,154	1
Total non-current liabilities		6,493,830	29	5,242,550	30	4,572,754	27
Total liabilities		14,277,988	63	10,511,286	59	10,304,542	60
Equity attributable to the parent company							
Capital							
Common stock	6(18)	3,328,149	15	3,328,149	19	3,328,149	20
Capital Surplus	6(18)	2,277,805	10	2,196,674	12	2,196,694	12
Retained earnings	6(18)						
Legal reserve		328,134	1	239,453	1	239,453	1
Special reserve		717,237	3	717,237	4	717,237	5
Unappropriated earnings		1,937,157	9	1,015,504	6	805,088	5
Total retain earnings		2,982,528	13	1,972,194	11	1,761,778	11
Other components of equity		(354,135)	(2)	(381,089)	(2)	(679,614)	(4)
Treasury stock	6(18)	(16,507)	(0)	(16,507)	(0)	(16,507)	(0)
Total equity attributable to the parent company		8,217,840	36	7,099,421	40	6,590,500	39
Non-controlling interests	6(18)	151,344	1	147,311	1	133,186	1
Total equity		8,369,184	37	7,246,732	41	6,723,686	40
Total liabilities and equity		$22,647,172	100	$17,758,018	100	$17,028,228	100

(The accompanying notes are an integral part of the consolidated financial statements.)

PANJIT INTERNATIONAL INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

(Expressed in Thousand of New Taiwan Dollars)

		For the three-month periods ended 30 September				For the nine-month periods ended 30 September			
		2021		2020		2021		2020	
Items	Notes	Amount	%	Amount	%	Amount	%	Amount	%
Operating revenues	6(19),7	$3,701,891	100	$2,771,468	100	$10,434,368	100	$7,492,779	100
Operating costs	6(7).(17).(21).(22),7	(2,416,610)	(65)	(2,118,859)	(76)	(7,144,639)	(68)	(5,762,841)	(77)
Gross profit		1,285,281	35	652,609	24	3,289,729	32	1,729,938	23
Operating expenses	6(17).(20).(21).(22),7								
Selling expenses		(169,466)	(5)	(142,845)	(5)	(478,613)	(5)	(384,387)	(5)
General and administrative expenses		(293,944)	(8)	(137,529)	(5)	(783,374)	(8)	(412,649)	(6)
Research and development expenses		(110,958)	(3)	(85,961)	(4)	(310,172)	(3)	(244,847)	(3)
Expected credit gains (losses)	6(20)	792	0	(58)	(0)	638	0	951	0
Subtotal		(573,576)	(16)	(366,393)	(14)	(1,571,521)	(16)	(1,040,932)	(14)
Operating income		711,705	19	286,216	10	1,718,208	16	689,006	9
Non-operating income and expenses	6(21).(23),7								
Interest income		23,640	1	25,189	1	77,256	1	77,807	1
Other income		26,634	1	30,121	1	92,768	1	153,769	2
Other gains and losses		1,833	0	(5,139)	(0)	1,117	0	(30,985)	(0)
Finance costs		(22,880)	(1)	(18,439)	(1)	(71,077)	(1)	(61,566)	(1)
Share of profit or loss of associates under equity method	6(8)	37,140	1	(12,220)	(0)	69,858	1	(14,134)	(0)
Subtotal		66,367	2	19,512	1	169,922	2	124,891	2
Pretax income from continuing operations		778,072	21	305,728	11	1,888,130	18	813,897	11
Income tax expenses	6(25)	(139,692)	(4)	(20,093)	(1)	(400,236)	(4)	(131,299)	(2)
Profit from continuing operations		638,380	17	285,635	10	1,487,894	14	682,598	9
Net income		638,380	17	285,635	10	1,487,894	14	682,598	9
Other comprehensive income (loss)	6(24).(25)								
Items that will not be reclassified subsequently to profit or loss:									
Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income		213,062	6	(7,953)	(0)	254,607	3	130,007	2
Income tax related to items that will not be reclassified		(636)	(0)	(1,114)	(0)	(915)	(0)	(6,792)	(0)
Items that may be reclassified subsequently to profit or loss:									
Exchange differences arising on translation of foreign operations		(29,460)	(1)	27,517	1	(195,251)	(2)	(80,229)	(1)
Total other comprehensive income (loss), net of tax		182,966	5	18,450	1	58,441	1	42,986	1
Total comprehensive income (loss)		$821,346	22	$304,085	11	$1,546,335	15	$725,584	10
Net income (loss) attributable to:									
Stockholders of the parent		$623,798	17	$281,357	10	$1,478,784	14	$680,976	9
Non-controlling interests		14,582	0	4,278	0	9,110	0	1,622	0
		$638,380	17	$285,635	10	$1,487,894	14	$682,598	9
Comprehensive income (loss) attributable to:									
Stockholders of the parent		$801,211	21	$304,404	11	$1,535,456	15	$716,700	10
Non-controlling interests		20,135	1	(319)	(0)	10,879	0	8,884	0
		$821,346	22	$304,085	11	$1,546,335	15	$725,584	10
Earnings per share (NTD)	6(26)								
Basic earnings per share		$1.88		$0.85		$4.45		$2.05	
Diluted earnings per share		$1.87		$0.84		$4.43		$2.03	

(The accompanying notes are an integral part of the consolidated financial statements.)

PANJIT INTERNATIONAL INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

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

(Expressed in Thousand of New Taiwan Dollars)

	Equity Attributable to Parent Company											
	Capital		Retained Earnings			Other Components of Equity						
Items	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences Arising on Translation of Foreign Operations	Unrealized Gains or Losses on Financial Assets Measured at Fair Value through Other Comprehensive Income	Others	Treasury Stock	Total	Non-Controlling Interests	Total Equity
Balance as of 1 January 2020	$3,328,149	$2,202,946	$186,432	$525,032	$723,373	($640,624)	($75,991)	($622)	$-	$6,248,695	$125,176	$6,373,871
Appropriation and distribution of 2019 retained earnings												
Legal reserve			53,021		(53,021)					-	-	-
Special reserve				192,205	(192,205)					-	-	-
Cash dividend					(349,456)					(349,456)	-	(349,456)
Share of changes in net assets of associates accounted for using the equity method		(469)						209		(260)	-	(260)
Net income for the nine-month periods ended 30 September 2020					680,976					680,976	1,622	682,598
Other comprehensive income (loss) for the nine-month periods ended 30 September 2020						(81,402)	117,126			35,724	7,262	42,986
Total comprehensive income (loss)	-	-	-	-	680,976	(81,402)	117,126	-	-	716,700	8,884	725,584
Repurchase of treasury stock									(16,507)	(16,507)	-	(16,507)
Difference between consideration given/received and carrying amount of interests in subsidiaries acquired through of disposed		(8,489)								(8,489)	7,288	(1,201)
Increase (decrease) changes in ownership interests in subsidiaries		2,706			(2,889)					(183)	(71)	(254)
Increase (decrease) in non-controlling interests										-	(8,094)	(8,094)
Disposal of equity instruments investments at fair value through other comprehensive income					(1,690)		1,690			-	-	-
Others										-	3	3
Balance as of 30 September 2020	$3,328,149	$2,196,694	$239,453	$717,237	$805,088	($722,026)	$42,825	($413)	($16,507)	$6,590,500	$133,186	$6,723,686
Balance as of 1 January, 2021	$3,328,149	$2,196,674	$239,453	$717,237	$1,015,504	($669,283)	$288,607	($413)	($16,507)	$7,099,421	$147,311	$7,246,732
Appropriation and distribution of 2020 retained earnings												
Legal reserve			88,681		(88,681)					-	-	-
Cash dividend					(498,172)					(498,172)	-	(498,172)
Share of changes in net assets of associates accounted for using the equity method		81,131								81,131	-	81,131
Net income for the nine-month periods ended 30 September 2021					1,478,784					1,478,784	9,110	1,487,894
Other comprehensive income (loss), for the nine-month periods ended 30 September 2021						(188,310)	244,982			56,672	1,769	58,441
Total comprehensive income (loss)	-	-	-	-	1,478,784	(188,310)	244,982	-	-	1,535,456	10,879	1,546,335
Increase (decrease) through changes in ownership interests in subsidiaries					4					4	(4)	-
Increase (decrease) in non-controlling interests										-	(6,842)	(6,842)
Disposal of equity instruments investments at fair value through other comprehensive income					29,718		(29,718)			-	-	-
Balance as of 30 September 2021	$3,328,149	$2,277,805	$328,134	$717,237	$1,937,157	($857,593)	$503,871	($413)	($16,507)	$8,217,840	$151,344	$8,369,184

(The accompanying notes are an integral part of the consolidated financial statements.)

PANJIT INTERNATIONAL INC. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the nine-month periods ended 30 September 2021 and 2020
(Expressed in Thousand of New Taiwan Dollars)

Items	For the nine-month periods ended 30 September	
	2021	2020
Cash flows from operating activities:		
Net income before tax	$1,888,130	$813,897
Adjustments to reconcile net income (loss) before tax to net cash provided by operating activities:		
Depreciation	462,604	488,399
Amortization	32,382	37,926
Expected credit losses (gains)	(638)	(951)
Net (gain) on financial assets or liabilities at fair value through profit or loss	(18,944)	(8,562)
Interest expense	71,077	61,566
Interest revenue	(77,256)	(77,807)
Dividend revenue	(9,565)	(7,199)
Share of (profit) loss of associates accounted for using equity method	(69,858)	14,134
Loss on disposal of property, plant and equipment	13,414	13,825
Loss (gain) on disposal of investments	133	(2,839)
Impairment loss on non-financial assets	18,718	1,088
Reversal of impairment loss on non-financial assets	-	(1,389)
Others-(Gains) on inventory valuation	(129,126)	9,937
Others-other	(1,655)	(23,512)
Subtotal	291,286	504,616
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets at fair value through profit or loss	539,507	(485,649)
Notes receivable	(407,348)	131,628
Trade receivable	(788,618)	(315,504)
Trade receivable-related parties	(66,009)	26,399
Other receivables	19,586	171,503
Other receivables-related parties	3,405	(6,438)
Inventories	(168,301)	(105,117)
Prepayments	(75,766)	(388)
Other current assets	(61,500)	(11,887)
Changes in operating liabilities:		
Contract liabilities	7,442	(18,567)
Notes payable	172,057	(42,467)
Trade payable	338,235	185,937
Trade payable-related parties	84,975	12,458
Other payables	284,357	148,474
Other payable-related parties	(657)	(329)
Other current liabilities	8,987	25,422
Net defined benefit liabilities	(4,612)	(4,449)
Deferred credit	-	4,613
Subtotal	(114,260)	(284,361)
Cash generated from operations	2,065,156	1,034,152
Interest received	77,256	77,807
Income tax (paid)	(211,187)	(132,824)
Net cash provided by operating activities	1,931,225	979,135
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	-	(25,000)
Proceeds from disposal of financial assets at fair value through other comprehensive income	42,472	4,437
Acquisition of financial assets measured at amortized cost	-	(191,141)
Proceeds from disposal of financial assets measured at amortized cost	102,990	115,804
Acquisition of investments accounted for under the equity method	(1,557,524)	-
Proceeds from disposal of investments accounted for under the equity method	-	4,676
Acquisition of property, plant and equipment	(670,662)	(219,293)
Proceeds from disposal of property, plant and equipments	41,487	33,304
Increase in refundable deposits	(157,576)	(1,355)
Acquisition of intangible assets	(15,481)	(16,578)
Increase in other non-current assets	(810,712)	(1,674)
Increase in prepayments for equipments	(804,812)	(539,126)
Dividends received	111,519	7,199
Net cash (used in) investing activities	(3,718,299)	(828,747)
Cash flows from financing activities:		
Increase in short-term loans	1,512,806	423,196
Increase in long-term loans	1,317,244	604,213
Repayments of lease liabilities	(29,363)	(31,087)
Increase in other non-current liabilities	8,179	863
Cash dividends	(498,169)	(349,456)
Repurchase of treasury stock	-	(16,507)
Acquisition of ownership interests in subsidiaries	-	(5,667)
Interest paid	(66,411)	(56,956)
Changes in non-controlling interests	(6,842)	(805)
Net cash provided by financing activities	2,237,444	567,794
Effect of exchange rate changes on cash and cash equivalents	(101,779)	(128,297)
Net increase in cash and cash equivalents	348,591	589,885
Cash and cash equivalents at beginning of period	1,947,779	1,131,522
Cash and cash equivalents at end of period	$2,296,370	$1,721,407

(The accompanying notes are an integral part of the consolidated financial statements.)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

1. History and organization

PANJIT INTERNATIONAL INC. (the Company) was incorporated on 20 May 1986, under the Company Act of the Republic of China on Taiwan. The Company's registered address is No. 24, Gangshan N. Rd., Gangshan Dist., Kaohsiung City. The principal activities of the Company are to manufacture, process, assemble and to import and export semiconductors. The Company also assembles, trades and transfers technological advancements of machinery parts. The Company also trades resins and paints for semiconductors.

The Company's shares commenced trading on Taipei Exchange Market (GreTai Securities Market) on 22 December 1999, and then trading on Taiwan Stock Exchange Corporation on 17 September 2001.

2. Date and procedures of authorization of financial statements for issue

The consolidated financial statements of the Company and its subsidiaries ("the Group") for the nine-month periods ended 30 September 2021 and 2020 were authorized for issue by the Board of Directors on 10 November 2021.

3. Newly issued or revised standards and interpretations

(1) Changes in accounting policies resulting from applying for the first time certain standards and amendments

The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after 1 January 2021. The adoption of these new standards and amendments had no material impact on the Group.

(2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are endorsed by FSC, but not yet adopted by the Group as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	Narrow-scope amendments of IFRS, including Amendments to IFRS 3, Amendments to IAS 16, Amendments to IAS 37 and the Annual Improvements	1 January 2022

(a) Narrow-scope amendments of IFRS, including Amendments to IFRS 3, Amendments to IAS 16, Amendments to IAS 37 and the Annual Improvements

A. Updating a Reference to the Conceptual Framework (Amendments to IFRS 3)
The amendments updated IFRS 3 by replacing a reference to an old version of the Conceptual Framework for Financial Reporting with a reference to the latest version, which was issued in March 2018. The amendments also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential "day 2" gains or losses arising for liabilities and contingent liabilities. Besides, the amendments clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Conceptual Framework.

B. Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

C. Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)
The amendments clarify what costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.

D. Annual Improvements to IFRS Standards 2018 - 2020

Amendment to IFRS 1
The amendment simplifies the application of IFRS 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.

Amendment to IFRS 9 Financial Instruments
The amendment clarifies the fees a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

Amendment to Illustrative Examples Accompanying IFRS 16 Leases
The amendment to Illustrative Example 13 accompanying IFRS 16 modifies the treatment of lease incentives relating to lessee's leasehold improvements.

Amendment to IAS 41
The amendment removes a requirement to exclude cash flows from taxation when measuring fair value thereby aligning the fair value measurement requirements in IAS 41 with those in other IFRS Standards.

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after 1 January 2022 have no material impact on the Group.

(3) Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Group as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 “Insurance Contracts”	1 January 2023
c	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2023
d	Disclosure Initiative - Accounting Policies – Amendments to IAS 1	1 January 2023
e	Definition of Accounting Estimates – Amendments to IAS 8	1 January 2023
f	Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	1 January 2023

(a) IFRS 10“Consolidated Financial Statements” and IAS 28“Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 *Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures*, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors’ interests in the associate or joint venture.

(b) IFRS 17 “Insurance Contracts”

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and it was amended in June 2020. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after 1 January 2023 (from the original effective date of 1 January 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after 1 January 2023.

(c) Classification of Liabilities as Current or Non-current – Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

(d) Disclosure Initiative - Accounting Policies – Amendments to IAS 1

The amendments improve accounting policy disclosures that to provide more useful information to investors and other primary users of the financial statements.

(e) Definition of Accounting Estimates – Amendments to IAS 8

The amendments introduce the definition of accounting estimates and included other amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to help companies distinguish changes in accounting estimates from changes in accounting policies.

(f) Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Group's financial statements were authorized for issue, and the local effective dates are to be determined by FSC. As the Group is still currently determining the potential impact of the standards and interpretations listed under (c), it is not practicable to estimate their impact on the Group at this point in time. The remaining new or amended standards and interpretations have no material impact on the Group.

4. Summary of significant accounting policies

(1) Statement of compliance

The consolidated financial statements of the Group for the nine-month periods ended 30 September 2021 and 2020 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations") and IAS 34 Interim Financial Reporting as endorsed and became effective by the FSC (TIFRSs).

(2) Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are expressed in thousands of New Taiwan Dollars (“$”) unless otherwise stated.

(3) Basis of consolidation

Preparation principle of consolidated financial statements

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

(a) power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
(b) exposure, or rights, to variable returns from its involvement with the investee, and
(c) the ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee
(b) rights arising from other contractual arrangements
(c) the Group’s voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using uniform accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Total comprehensive income of the subsidiaries is attributed 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.

If the Group loses control of a subsidiary, it:

(a) derecognizes the assets (including goodwill) and liabilities of the subsidiary;
(b) derecognizes the carrying amount of any non-controlling interest;
(c) recognizes the fair value of the consideration received;
(d) recognizes the fair value of any investment retained;
(e) recognizes any surplus or deficit in profit or loss; and
(f) reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss.

The consolidated entities are listed as follows:

Investor	Subsidiary	Main businesses	Percentage of ownership (%) 30 September 2021	31 December 2020	30 September 2020
The Company	PAN-JIT ASIA INTERNATIONAL INC.	Investment holding	100.00%	100.00%	100.00%
The Company	PYNMAX TECHNOLOGY CO., LTD.	Manufacture of electronic components and international trade business	94.60%	94.60%	94.60%
The Company	LIFETECH Energy Inc.	Manufacture and sale lithium iron phosphate battery pack	81.97% (Note 1)	81.97% (Note 1)	81.97% (Note 1)
PAN-JIT ASIA INTERNATIONAL INC.	PAN-JIT INTERNATIONAL (H.K.) LTD.	Sale of electronic products	100.00%	100.00%	100.00%
PAN-JIT ASIA INTERNATIONAL INC.	PAN JIT EUROPE GMBH	Sale of electronic products	100.00%	100.00%	100.00%
PAN-JIT ASIA INTERNATIONAL INC.	PAN JIT AMERICAS, INC.	Sale of electronic products	95.86%	95.86%	95.86%
PAN-JIT ASIA INTERNATIONAL INC.	PAN JIT ELECTRONIC (WUXI) CO., LTD.	Manufacture, and process of rectifier	100.00% (Note 2)	100.00% (Note 2)	100.00% (Note 2)
PAN-JIT ASIA INTERNATIONAL INC.	SUMMERGY CO., LTD	Battery management system research, development, production and sales of technical services	70.00%	70.00%	70.00%
PAN-JIT ASIA INTERNATIONAL INC.	CONTINENTAL LIMITED	Investment holding	100.00%	100.00%	100.00%
PAN-JIT ASIA INTERNATIONAL INC.	DYNAMIC TECH GROUP LIMITED	Investment holding	100.00% (Note 2)	100.00% (Note 2)	100.00% (Note 2)

Investor	Subsidiary	Main businesses	Percentage of ownership (%) 30 September 2021	31 December 2020	30 September 2020
PAN-JIT ASIA INTERNATIONAL INC.	PAN JIT KOREA CO., LTD.	Sale of electronic products	60.00%	60.00%	60.00%
PAN-JIT ASIA INTERNATIONAL INC.	AIDE ENERGY (CAYMAN) HOLDING CO., LTD.	Investment holding and sale of photovoltaic products	91.71% (Note 3)	91.71% (Note 3)	91.71% (Note 3)
PYNMAX TECHNOLOGY CO., LTD.	JOYSTAR INTERNATIONAL CO., LTD.	Investment holding	100.00%	100.00%	100.00%
DYNAMIC TECH GROUP LIMITED	MAX-DIODE ELECTRONIC., LTD. (SHENZHEN)	Manufacture, process and sales of electronic products	100.00%	100.00%	100.00%
DYNAMIC TECH GROUP LIMITED	MAX-DIODE ELECTRONIC CO., LTD.	Manufacture, process and sales of electronic products	— (Note 5)	— (Note 5)	100.00%
CONTINENTAL LIMITED	SUZHOU GRANDE ELECTRONICS CO., LTD.	Chip diodes, transistors and other new electronic semiconductor components and related products, sales of products and provide technical and after-sales service	100.00%	100.00%	100.00%
PAN JIT ELECTRONIC (WUXI) CO., LTD	PAN JIT ELECTRONIC (BEIJING) CO., LTD	Manufacture, process and sales of electronic products	100.00%	100.00%	100.00%
PAN JIT ELECTRONIC (WUXI) CO., LTD	PAN-JIT ELECTRONICS (SHANDONG) CO., LTD.	Manufacture semiconductor wafer for automobile, protection of discrete devices, integrated circuit chip packaged product	70.28%	70.28%	70.28%
PAN JIT ELECTRONIC (WUXI) CO., LTD	PAN JIT ELECTRONIC (QUFU) CO., LTD.	Manufacture, process and sales of electronic products	100.00%	100.00%	100.00%
PAN JIT ELECTRONIC (WUXI) CO., LTD	PAN JIT SEMICONDUCTOR (XUZHOU) CO., LTD.	Manufacture, process and sales of electronic products	100.00% (Note 6)	—	—

Investor	Subsidiary	Main businesses	Percentage of ownership (%) 30 September 2021	31 December 2020	30 September 2020
AIDE ENERGY (CAYMAN) HOLDING CO., LTD.	AIDE SOLAR ENERGY (HK) HOLDING LIMITED	Investment holding and sales	100.00%	100.00%	100.00%
AIDE ENERGY (CAYMAN) HOLDING CO., LTD.	AIDE Energy Europe Coöperatie U.A.	Investment holding	100.00% (Note 4)	100.00% (Note 4)	100.00% (Note 4)
AIDE ENERGY (CAYMAN) HOLDING CO., LTD.	AIDE SOLAR USA, INC	Solar photovoltaic product development, manufacturing, sales, self-agency of goods and technology import and export business	100.00% (Note 4)	100.00% (Note 4)	100.00% (Note 4)
AIDE ENERGY (CAYMAN) HOLDING CO., LTD.	JIANGSU AIDE SOLAR ENERGY TECHNOLOGY CO., LTD.	Solar photovoltaic product development, manufacturing, sales, self-agency of goods and technology import and export business	100.00%	100.00%	100.00%
AIDE Energy Europe Coöperatie U.A.	AIDE ENERGY EUROPE B.V.	Investment holding and sales	100.00%	100.00%	100.00%
AIDE ENERGY EUROPE B.V.	EC SOLAR C1 SRL	Solar power generation and sales of electricity	100.00%	100.00%	100.00%

(Note 1) The Company owned 81.97% of the shares with other subsidiaries, which are consolidated into the Company’s financial statements.

(Note 2) PAN-JIT ASIA INTERNATIONAL INC. owned 100.00% of the shares with other subsidiaries, which are consolidated into the Company’s financial statements.

(Note 3) PAN-JIT ASIA INTERNATIONAL INC. owned 91.71% of the shares with other subsidiaries, which are consolidated into the Company’s financial statements.

(Note 4) AIDE ENERGY (CAYMAN) HOLDING CO., LTD. owned 100% of the shares with other subsidiaries, which are consolidated into the Company’s financial statements.

(Note 5) The Company completed the equity interest transfer of MAX-DIODE ELECTRONIC CO., LTD. in November 2020.

(Note 6) PAN JIT ELECTRONIC (WUXI) CO., LTD invested in and founded the subsidiary, PAN JIT SEMICONDUCTOR (XUZHOU) CO., LTD., in September 2021, and owns 100% of the shares. PAN SEMICONDUCTOR (XUZHOU) CO., LTD is therefore incorporated in the Company’s consolidated financial statements.

The financial statements of some of the consolidated subsidiaries listed above had not been reviewed by auditors. As of 30 September 2021, and 2020, the related assets of the subsidiaries which were unreviewed by auditors amounted to $2,008,292 thousand and $2,722,170 thousand respectively, and the related liabilities amounted to $1,049,396 thousand and $841,972 thousand, respectively. The comprehensive income of these subsidiaries amounted to $224,063 thousand, $374,160 thousand, $50,662 thousand, and $256,657 thousand for the three-month and nine-month periods ended 30 September 2021 and 2020, respectively.

(4) Foreign currency transactions

The Group's consolidated financial statements are presented in NT$, which is also the parent company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

(a) Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
(b) Foreign currency items within the scope of IFRS 9 Financial Instruments are accounted for based on the accounting policy for financial instruments.
(c) Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(5) Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into NT$ at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. The following partial disposals are accounted for as disposals:

(a) when the partial disposal involves the loss of control of a subsidiary that includes a foreign operation; and
(b) when the retained interest after the partial disposal of an interest in a joint arrangement or a partial disposal of an interest in an associate that includes a foreign operation is a financial asset that includes a foreign operation.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or joint arrangement that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

(6) Current and non-current distinction

An asset is classified as current when:

(a) The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle
(b) The Group holds the asset primarily for the purpose of trading
(c) The Group expects to realize the asset within twelve months after the reporting period
(d) The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

(a) The Group expects to settle the liability in its normal operating cycle
(b) The Group holds the liability primarily for the purpose of trading
(c) The liability is due to be settled within twelve months after the reporting period
(d) 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 the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

(7) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term, highly liquid time deposits (including fixed-term deposits that have maturity within three months from the date of acquisition) or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(8) Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities within the scope of IFRS 9 Financial Instruments are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

A. Financial instruments: Recognition and Measurement

The Group accounts for regular way purchase or sales of financial assets on the trade date.

The Group classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

(a) the Group's business model for managing the financial assets and
(b) the contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, trade receivables financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

(a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

(a) purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
(b) financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

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

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

(a) A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
(b) When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
(c) Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

    (i) Purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
    (ii) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Group made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represent a recovery of part of the cost of investment.

Financial asset measured at fair value through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

B. Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the balance sheet.

The Group measures expected credit losses of a financial instrument in a way that reflects:

(a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
(b) the time value of money; and
(c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measures as follows:

(a) At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Group measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
(b) At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
(c) For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.
(d) For lease receivables arising from transactions within the scope of IFRS 16, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Group needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

C. Derecognition of financial assets

A financial asset is derecognized when:

i. The rights to receive cash flows from the asset have expired
ii. The Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred
iii. The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

D. Financial liabilities and equity

Classification between liabilities or equity

The Group classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Compound instruments

The Group evaluates the terms of the convertible bonds issued to determine whether it contains both a liability and an equity component. Furthermore, the Group assesses if the economic characteristics and risks of the put and call options contained in the convertible bonds are closely related to the economic characteristics and risk of the host contract before separating the equity element.

For the liability component excluding the derivatives, its fair value is determined based on the rate of interest applied at that time by the market to instruments of comparable credit status. The liability component is classified as a financial liability measured at amortized cost before the instrument is converted or settled.

For the embedded derivative that is not closely related to the host contract (for example, if the exercise price of the embedded call or put option is not approximately equal on each exercise date to the amortized cost of the host debt instrument), it is classified as a liability component and subsequently measured at fair value through profit or loss unless it qualifies for an equity component. The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component. Its carrying amount is not remeasured in the subsequent accounting periods. If the convertible bond issued does not have an equity component, it is accounted for as a hybrid instrument in accordance with the requirements under IFRS 9 Financial Instruments.

Transaction costs are apportioned between the liability and equity components of the convertible bond based on the allocation of proceeds to the liability and equity components when the instruments are initially recognized.

On conversion of a convertible bond before maturity, the carrying amount of the liability component being the amortized cost at the date of conversion is transferred to equity.

Financial liabilities

Financial liabilities within the scope of IFRS 9 Financial Instruments are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. A financial liability is classified as held for trading if:

i. it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
ii. on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
iii. it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

i. it eliminates or significantly reduces a measurement or recognition inconsistency; or
ii. a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

E. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(9) Derivative instrument

The Group uses derivative instruments to hedge its foreign currency risks and interest rate risks. A derivative is classified in the balance sheet as financial assets or liabilities at fair value through profit or loss (held for trading) except for derivatives that are designated effective hedging instruments which are classified as derivative financial assets or liabilities for hedging.

Derivative instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The changes in fair value of derivatives are taken directly to profit or loss, except for the effective portion of hedges, which is recognized in either profit or loss or equity according to types of hedges used.

When the host contracts are either non-financial assets or liabilities, derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are separated from the host contract and accounted for as a derivative.

(10) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(a) In the principal market for the asset or liability, or
(b) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(11) Inventories

Inventories are valued at lower of cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Raw materials –Purchase cost on weighted average cost basis
Finished goods and work in progress – Cost of direct materials, labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Rendering of services is accounted in accordance with IFRS 15 and not within the scope of inventories.

(12) Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered through a sale transaction that is highly probable within one year from the date of classification and the asset or disposal group is available for immediate sale in its present condition. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

In the consolidated statement of comprehensive income of the reporting period, and of the comparable period of the previous year, income and expenses from discontinued operations are reported separately from income and expenses from continuing operations, down to the level of profit after taxes, even when the Group retains a non-controlling interest in the subsidiary after the sale. The resulting profit or loss (after taxes) is reported separately in the statement of comprehensive income.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortized.

(13) Investments accounted for using the equity method

The Group’s investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Group has significant influence. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture.

Under the equity method, the investment in the associate or an investment in a joint venture is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Group’s share of net assets of the associate or joint venture. After the interest in the associate or joint venture 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 or joint venture. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the Group’s related interest in the associate or joint venture.

When changes in the net assets of an associate or a joint venture occur and not those that are recognized in profit or loss or other comprehensive income and do not affects the Group’s percentage of ownership interests in the associate or joint venture, the Group recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate or joint venture on a prorata basis.

When the associate or joint venture issues new stock, and the Group’s interest in an associate or a joint venture is reduced or increased as the Group fails to acquire shares newly issued in the associate or joint venture proportionately to its original ownership interest, the increase or decrease in the interest in the associate or joint venture is recognized in Additional Paid in Capital and Investment accounted for using the equity method. When the interest in the associate or joint venture is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Group disposes the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate or an investment in a joint venture is impaired in accordance with IAS 28 *Investments in Associates and Joint Ventures.* If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 *Impairment of Assets.* In determining the value in use of the investment, the Group estimates:

(1) Its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or
(2) The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate or an investment in a joint venture is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 *Impairment of Assets*.

Upon loss of significant influence over the associate or joint venture, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss. Furthermore, if an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the entity continues to apply the equity method and does not remeasure the retained interest.

(14) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 Property, plant and equipment. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	1～52 years
Machinery and equipment	1～15 years
Utilities equipment	1～13 years
Transportation equipment	1～10 years
Office equipment	1～10 years
Leasehold improvements	1～20 years
Other equipment	1～25 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate. These changes are treated as accounting estimates.

(15) Leases

The Group assesses whether the 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 for a period of time, the Group assesses whether, throughout the period of use, has both of the following:

(a) the right to obtain substantially all of the economic benefits from use of the identified asset; and
(b) the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Group for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Group estimates the stand-alone price, maximising the use of observable information.

Group as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Group recognizes right-of-use asset and lease liability for all leases which the Group is the lessee of those lease contracts.

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

(a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;
(b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
(c) amounts expected to be payable by the lessee under residual value guarantees;
(d) the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
(e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Group measures the lease liability on an amortised cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Group measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

(a) the amount of the initial measurement of the lease liability;
(b) any lease payments made at or before the commencement date, less any lease incentives received;
(c) any initial direct costs incurred by the lessee; and
(d) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Group measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset 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.

The Group applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Group accounted for as short-term leases or leases of low-value assets, the Group presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements comprehensive income.

For short-term leases or leases of low-value assets, the Group elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

Group as a lessor

At inception of a contract, the Group classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Group recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Group allocates the consideration in the contract applying IFRS 15.

The Group recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

(16) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.
A summary of the policies applied to the Group’s intangible assets is as follows:

	Computer software	Other intangible assets
Useful lives	Finite (1～10 years)	Finite (1～10 years)
Amortization method used	Amortized on a straight- line basis over the estimated useful life	Amortized on a straight- line basis over the estimated useful life
Internally generated or acquired	Acquired	Acquired

(17) Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 Impairment of Assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

A cash generating unit, or groups of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units), then to the other assets of the unit (group of units) pro-rata on the basis of the carrying amount of each asset in the unit (group of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(18) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probably that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Provision for warranties

A provision is recognized for expected warranty claims on products sold, based on past experience, management's judgement and other known factors.

(19) Treasury shares

Own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. Any difference between the carrying amount and the consideration is recognized in equity.

(20) Revenue recognition

The Group's revenue arising from contracts with customers are primarily related to sale of goods. The accounting policies are explained as follows:

Sale of goods

The Group manufactures and sells goods. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. The main product of the Group is diode and rectifier and revenue is recognized based on the consideration stated in the contract.

The Group provides its customer with a warranty with the purchase of the products. The warranty provides assurance that the product will operate as expected by the customers. And the warranty is accounted in accordance with IAS 37.

The credit period of the Group's sale of goods is from 30 to 120 days. For most of the contracts, when the Group transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The Group usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contract. For some of the contracts, the Group has transferred the goods to customers but does not has a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets. Besides, in accordance with IFRS 9, the Group measures the loss allowance for a contract asset at an amount equal to the lifetime expected credit losses. However, for some contracts, part of the consideration was received from customers upon signing the contract, and the Group has the obligation to transfers the goods subsequently; accordingly, these amounts are recognized as contract liabilities.

The period between the transfers of contract liabilities to revenue is usually within one year, no significant financing component has arisen.

In contracts between the Group and its customers, the period during which the promised goods are delivered to the customer and the customer paid was not more than one year. Therefore, the Group didn't adjust the transaction price for the time value of money.

(21) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(22) Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Where the Group receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the statement of comprehensive income over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual installments. Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as additional government grant.

(23) Post-employment benefits

All regular employees of the Company and its domestic subsidiaries are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company and its domestic subsidiaries. Therefore, fund assets are not included in the Group's consolidated financial statements. Pension benefits for employees of the overseas subsidiaries and the branches are provided in accordance with the respective local regulations.

For the defined contribution plan, the Company and its domestic subsidiaries will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due. Overseas subsidiaries and branches make contribution to the plan based on the requirements of local regulations.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

(a) the date of the plan amendment or curtailment, and
(b) the date that the Group recognizes restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted and disclosed for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events.

(24) Share-based payment transactions

The cost of equity-settled transactions between the Company and its employees is recognized based on the fair value of the equity instruments granted. The fair value of the equity instruments is determined by using an appropriate pricing model.

The cost of equity-settled transactions is recognized, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it fully vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substitutes for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

The cost of restricted shares issued is recognized as salary expense based on the fair value of the equity instruments on the grant date, together with a corresponding increase in other capital reserves in equity, over the vesting period. The Company recognized unearned employee salary which is a transitional contra equity account; the balance in the account will be recognized as salary expense over the passage of vesting period.

(25) Income taxes

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

i. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
ii. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

i. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

ii. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Interim period income tax expense is accrued using the tax rate that would be applicable to expected total annual earnings, that is, the estimated average annual effective income tax rate applied to the pre-tax income of the interim period. The estimated average annual effective income tax rate only includes current income tax. The recognition and measurement of deferred tax follows annual financial reporting requirements in accordance with IAS 12. The Group recognizes the effect of change in tax rate for deferred taxes in full if the new tax rate is enacted by the end of the interim reporting period, by charging to profit or loss, other comprehensive income, or directly to equity.

(26) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred, the identifiable assets acquired, and liabilities assumed are measured at acquisition date fair value. For each business combination, the acquirer measures any non-controlling interest in the acquiree either at fair value or at the non-controlling interest’s proportionate share of the acquiree’s identifiable net assets. Acquisition-related costs are accounted for as expenses in the periods in which the costs are incurred and are classified under administrative expenses.

When the Group acquires a business, it assesses the assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer’s previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at the acquisition-date fair value. Subsequent changes to the fair value of the contingent consideration, which is deemed to be an asset or liability, will be recognized in accordance with IFRS 9 Financial Instruments either in profit or loss or as a change to other comprehensive income. However, if the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured as the amount of the excess of the aggregate of the consideration transferred and the non-controlling interest over the net fair value of the identifiable assets acquired and the liabilities assumed. If this aggregate is lower than the fair value of the net assets acquired, the difference is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purpose and is not larger than an operating segment before aggregation.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation. Goodwill disposed of in this circumstance is measured based on the relative recoverable amounts of the operation disposed of and the portion of the cash-generating unit retained.

5. Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the income approach (for example the discounted cash flow model) or market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

(b) Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date less incremental costs that would be directly attributable to the disposal of the asset or cash generating unit. The value in use calculation is based on a discounted cash flow model. The cash flows projections are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different cash generating units, including a sensitivity analysis, are further explained in Note 6.

(c) Pension benefits

The cost of post-employment benefit and the present value of the pension obligation under defined benefit pension plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate and changes of the future salary etc.

(d) Revenue recognition – sales returns and allowance

The Group estimates sales returns and allowance based on historical experience and other known factors at the time of sale, which reduces the operating revenue. In assessing the aforementioned sales returns and allowance, revenue is recognized to the extent it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Please refer to Note 6 for more details.

(e) Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group company's domicile.

Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies.

(f) Trade receivables–estimation of impairment loss

The Group estimates the impairment loss of trade receivables at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6 for more details.

(g) Inventories

Estimates of net realizable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices may decline. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Notes 6 for more details.

6. Contents of significant accounts

(1) Cash and cash equivalents

	As at		
	30 Sep. 2021	31 Dec. 2020	30 Sep. 2020
Cash on hand	$1,194	$2,040	$1,538
Checking, demand deposits and time deposits	2,295,176	1,945,739	1,719,869
Total	$2,296,370	$1,947,779	$1,721,407

(2) Financial assets at fair value through profit or loss-Current

	As at		
	30 Sep. 2021	31 Dec. 2020	30 Sep. 2020
Mandatorily measured at fair value through profit or loss:			
Financial products– structured deposits	$34,440	$660,927	$751,344
Funds	845,295	786,883	1,126,741
Stocks	—	11,920	—
Convertible bonds	27,453	—	—
Derivatives not designated as hedging instruments			
Forward exchange agreement	4	910	317
Total	$907,192	$1,460,640	$1,878,402

Financial assets at fair value through profit or loss were not pledged.

(3) Financial assets at fair value through other comprehensive income-Non-current

	As at		
	30 Sep. 2021	31 Dec. 2020	30 Sep. 2020
Equity instrument investments measured at fair value through other comprehensive income – Non-current:			
Listed companies stocks	$1,137,704	$924,476	$646,537
Unlisted companies stocks	244,616	247,471	288,062
Total	$1,382,320	$1,171,947	$934,599

Financial assets at fair value through other comprehensive income were not pledged.

The Group's dividend income related to equity instrument investments measured at fair value through other comprehensive income for the nine-month periods ended 30 September 2021 and 2020 are as follow:

	For the nine-month periods ended 30 September	
	2021	2020
Dividends recognized during the period	$9,469	$7,199

In consideration of the Group's investment strategy, the Group disposed, and derecognized partial equity instrument investments measured at fair value through other comprehensive income. Details on derecognition of such investments for the nine-month periods ended 30 September 2021 and 2020 are as follow:

	For the nine-month periods ended 30 September	
	2021	2020
The fair value of the investments at the date of derecognition	$42,472	$4,437
The cumulative gain or loss on disposal reclassified from other equity to retained earnings	$29,718	($1,690)

(4) Financial assets measured at amortized cost-Non-current

	As at		
	30 Sep. 2021	31 Dec. 2020	30 Sep. 2020
Financial products	$26,452	$136,939	$402,363

Financial assets measured at amortized cost were not pledged.

(5) Notes receivables

	As at		
	30 Sep. 2021	31 Dec. 2020	30 Sep. 2020
Notes receivables arising from operating activities	$775,444	$368,096	$352,416
Less: loss allowance	—	—	—
Total	$775,444	$368,096	$352,416

Notes receivables were not pledged.

The Group follows the requirement of IFRS 9 to assess the impairment. Please refer to Note 6.(20) for more details on loss allowance and Note 12 for details on credit risk management.

(6) Trade receivables and Trade receivables-related parties

	As at		
	30 Sep. 2021	31 Dec. 2020	30 Sep. 2020
Trade receivables	$5,698,189	$4,909,733	$4,757,813
Less: loss allowance	(1,433,993)	(1,466,175)	(1,494,629)
Subtotal	4,264,196	3,443,558	3,263,184
Trade receivables-related parties	124,729	58,720	15,643
Total	$4,388,925	$3,502,278	$3,278,827

Trade receivables were not pledged.

Trade receivables are generally on 30 to 120 day terms. The total carrying amount as of 30 September 2021, 31 December 2020 and 30 September 2020 were $5,822,918 thousand, $4,968,453 thousand and $4,773,456 thousand, respectively. Please refer to Note 6.(20) for more details on loss allowance of trade receivables for the nine-month periods ended 30 September 2021 and 2020. Please refer to Note 12 for more details on credit risk management.

(7) Inventories

	As at		
	30 Sep. 2021	31 Dec. 2020	30 Sep. 2020
Raw materials	$845,006	$685,783	$750,769
Work in progress	170,950	170,834	170,731
Finished goods	897,684	757,842	813,250
Total	$1,913,640	$1,614,459	$1,734,750

The cost of inventories recognized in expenses amounted to $2,416,610 thousand and $7,144,639 thousand for the three-month and nine-month periods ended 30 September 2021, respectively, including the reversal of write-down of inventories in the amount of $12,285 thousand and $129,126 thousand, respectively. The reversal is due to inventory sold or used in research and development.

The cost of inventories recognized in expenses amounted to $2,118,859 thousand and $5,762,841 thousand for the three-month and nine-month periods ended 30 September 2020, respectively, including the valuation loss of inventories of $12,043 thousand and $9,937 thousand, respectively.

No inventories were pledged.

(8) Investments accounted for using the equity method

	As at					
	30 Sep. 2021		31 Dec. 2020		30 Sep. 2020	
Investees	Carrying amount	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)
Investments in associates:						
ZIBO MICRO COMMERCIAL COMPONENT CORP.	$144,376	27.81%	$99,544	31.38%	$82,756	31.38%
MILDEX OPTICAL INC.	280,417	29.28%	293,964	28.28%	$312,763	29.21%
ALLTOP THCHNOLOGY CO., INC	1,559,203	19.17% (Note)	—	—	—	—
	$1,983,996		$393,508		$395,519	

(Note) On 5 March 2021, the Group acquired 19.97% of common shares of ALLTOP TECHNOLOGY CO., LTD. In April 2021, the Group purchased additional 220,000 shares resulting in 19.99% of shares. Until September 2021, the conversion of convertible bonds into shares of ALLTOP TECHNOLOGY CO., LTD. caused a change in equity ownership. The percentage of common shares held by the Group was subsequently diluted to 19.17%.

Information on the material associate of the Group:

Company name: ALLTOP TECHNOLOGY CO., LTD.

Nature of the relationship with the associate: ALLTOP TECHNOLOGY CO., LTD. is in the business of research and development, manufacturing and sale of connectors, primarily for servers, automotive and industrial application. Alltop's future development strategy aligns with the Group's targeted business areas. The Group invests in the company with an aim to integrate the resources of both companies, and expand business areas including servers, laptops, automotive, industrial and networking equipment. This is to create synergies between the two firms and to provide customers with more full-range products and services.

Fair value of the investment in the associate when there is a quoted market price for the investment: ALLTOP TECHNOLOGY CO., LTD. is a listed entity on the Taipei Exchange (TPEx). The fair value of the investment in ALLTOP TECHNOLOGY CO., LTD. accounted for using the equity method amounted to $1,730,111 thousand as of 30 September 2021.

Reconciliation of the associate's summarized financial information presented to the carrying amount of the Group's interest in the associate:

	As at 30 September 2021
Assets	$3,445,148
Liabilities	(1,155,348)
Equity	2,289,800
Proportion of the Group's ownership	19.17%
subtotal	438,955
Difference between cost of investment and equity attributable to the Group	1,120,248
Carrying amount of the investment	$1,559,203

As at 30 September 2021, the final evaluation results of difference between cost of investment accounted for under the equity method and share of fair value of the identifiable assets and liability of associates have not yet been received.

The aggregate financial information of the Group's investments in associates is as follows:

	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2021	2020	2021	2020
Operating revenue	$131,047	$—	$318,544	$—
Profit from continuing operations	$32,834	$—	$83,070	$—
Other comprehensive income (post-tax)	($1,687)	$—	($7,021)	$—
Total comprehensive income	$31,147	$—	$76,049	$—

The Group's investments in ZIBO MICRO COMMERCIAL COMPONENT CORP. are not individually material. The aggregate carrying amount of the Group's interests in ZIBO MICRO COMMERCIAL COMPONENT CORP. is $144,376 thousand, $99,544 thousand and $82,756 thousand as at 30 September 2021, 31 December 2020, and 30 September 2020. The aggregate financial information of the Group's investments in associates is as follows:

	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2021	2020	2021	2020
Loss from continuing operations	$2,694	($859)	($6,922)	($6,992)
Other comprehensive income (post-tax)	$—	$—	$—	$—
Total comprehensive income	$2,694	($859)	($6,922)	($6,992)

The Group's investments in MILDEX OPTICAL INC. are not individually material. The aggregate carrying amount of the Group's interests in MILDEX OPTICAL INC. is $280,417 thousand, $293,964 thousand and $312,763 thousand as at 30 September 2021, 31 December 2020 and 30 September 2020. The aggregate financial information of the Group's investments in associates is as follows:

	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2021	2020	2021	2020
Loss from continuing operations	$1,612	($11,361)	($6,290)	($7,142)
Other comprehensive income (post-tax)	($179)	($1,738)	($6,163)	($8,316)
Total comprehensive income	$1,791	($13,099)	($12,453)	($15,458)

The share of the profit or loss of these associates accounted for using the equity method amount to $2,694 thousand and ($6,922) thousand for the three-month and nine-month periods ended 30 September 2021, respectively. These amounts were based on unreviewed financial statements of the investees.

The share of the profit or loss of these associates accounted for using the equity method amount to ($ 859) thousand and ($6,992) thousand for the three-month and nine-month periods ended 30 September 2020, respectively. These amounts were based on unreviewed financial statements of the investees.

The associates had no contingent liabilities or capital commitments as at 30 September 2021, 31 December 2020, and 30 September 2020.

(9) Property, plant and equipment

	As at		
	30 Sep. 2021	31 Dec. 2020	30 Sep. 2020
Owner occupied property, plant and equipment	$5,198,510	$3,691,739	$2,957,909

	Land	Buildings	Machinery and equipment	Transportation equipment	Utilities equipment	Office equipment	Leasehold improvements	Other equipment	Construction in progress and equipment awaiting examination	Total
Cost:										
As at 1 Jan. 2021	$374,462	$1,103,860	$7,901,300	$18,558	$172,545	$128,097	$98,388	$1,348,975	$824,539	$11,970,724
Additions	—	26,700	165,598	681	1,020	9,404	7,224	52,663	394,452	657,742
Disposals	—	(99)	(167,782)	(3,474)	(294)	(15,008)	(10,179)	(56,533)	(1,650)	(255,019)
Transfers	—	6,520	636,736	—	—	10,958	—	56,848	618,016	1,329,078
Exchange differences	(611)	(11,670)	(29,284)	(315)	—	(1,516)	(5,103)	(8,282)	(16)	(56,797)
As at 30 Sep. 2021	$373,851	$1,125,311	$8,506,568	$15,450	$173,271	$131,935	$90,330	$1,393,671	$1,835,341	$13,645,728
Depreciation and impairment:										
As at 1 Jan. 2021	$—	$623,283	$6,276,995	$14,286	$159,941	$105,886	$46,294	$1,052,300	$—	$8,278,985
Depreciation	—	27,931	274,298	1,153	2,102	9,055	4,863	70,700	—	390,102
Disposals	—	(96)	(124,585)	(3,340)	(294)	(14,274)	(1,704)	(55,825)	—	(200,118)
Impairment losses (reversal)	—	—	(340)	—	—	—	13,342	—	—	13,002
Transfers	—	(386)	3,312	—	—	—	—	(671)	—	2,255
Exchange differences	—	(7,101)	(19,287)	(227)	—	(1,359)	(2,653)	(6,381)	—	(37,008)
As at 30 Sep. 2021	$—	$643,631	$6,410,393	$11,872	$161,749	$99,308	$60,142	$1,060,123	$—	$8,447,218

	Land	Buildings	Machinery and equipment	Transportation equipment	Utilities equipment	Office equipment	Leasehold improvements	Other equipment	Construction in progress and equipment awaiting examination	Total
Cost:										
As at 1 Jan. 2020	$374,404	$1,092,729	$7,885,244	$17,287	$168,425	$126,617	$81,825	$1,289,826	$30,940	$11,067,297
Additions	—	1,047	62,559	37	—	1,402	11,000	50,038	76,893	202,976
Disposals	—	—	(193,969)	—	—	(713)	—	(11,640)	—	(206,322)
Transfers	—	—	57,517	—	—	—	—	8,856	(3,037)	63,336
Exchange differences	(240)	(5,636)	(14,861)	(144)	—	(432)	524	(4,203)	(30)	(25,022)
As at 30 Sep. 2020	$374,164	$1,088,140	$7,796,490	$17,180	$168,425	$126,874	$93,349	$1,332,877	$104,766	$11,102,265
Depreciation and impairment:										
As at 1 Jan. 2020	$—	$580,592	$6,052,569	$12,494	$157,656	$94,544	$37,324	$966,153	$—	$7,901,332
Depreciation	—	26,854	295,296	1,198	1,637	9,262	5,232	75,704	—	415,183
Disposals	—	—	(151,906)	—	—	(711)	—	(6,576)	—	(159,193)
Impairment (reversal)	—	—	(301)	—	—	—	—	—	—	(301)
Transfers	—	—	2,258	—	—	—	—	—	—	2,258
Exchange differences	—	(3,203)	(8,791)	(107)	—	(320)	409	(2,911)	—	(14,923)
As at 30 Sep. 2020	$—	$604,243	$6,189,125	$13,585	$159,293	$102,775	$42,965	$1,032,370	$—	$8,144,356
Net carrying amount as at:										
30 Sep. 2021	$373,851	$481,680	$2,096,175	$3,578	$11,522	$32,627	$30,188	$333,548	$1,835,341	$5,198,510
31 Dec. 2020	$374,462	$480,577	$1,624,305	$4,272	$12,604	$22,211	$52,094	$296,675	$824,539	$3,691,739
30 Sep. 2020	$374,164	$483,897	$1,607,365	$3,595	$9,132	$24,099	$50,384	$300,507	$104,766	$2,957,909

Capitalized borrowing costs of construction in progress for the nine-month periods ended 30 September 2021 and 2020 are both $0.

Please refer to Note 8 for more details on property, plant and equipment under pledge.

(10) Intangible assets

	Computer software	Other intangible assets	Goodwill	Total
Cost:				
As at 1 Jan. 2021	$157,558	$166,637	$591,869	$916,064
Addition-acquired separately	12,531	2,950	－	15,481
Disposals	(20,226)	－	－	(20,226)
Transfers	5,349	(10)	－	5,339
Exchange differences	(472)	(10,246)	(12,267)	(22,985)
As at 30 Sep. 2021	$154,740	$159,331	$579,602	$893,673
As at 1 Jan. 2020	$157,678	$162,093	$619,193	$938,964
Addition-acquired separately	16,157	421	－	16,578
Disposals	(14,891)	－	－	(14,891)
Transfers	－	(2,383)	－	(2,383)
Exchange differences	(317)	1,711	(16,635)	(15,241)
As at 30 Sep. 2020	$158,627	$161,842	$602,558	$923,027
Amortization and Impairment:				
As at 1 Jan. 2021	($90,069)	($77,418)	($494,640)	($662,127)
Amortization	(23,974)	(8,408)	－	(32,382)
Disposals	20,226	－	－	20,226
Transfers	－	－	－	－
Impairment losses	(5,716)	－	－	(5,716)
Exchange differences	405	4,612	10,308	15,325
As at 30 Sep. 2021	($99,128)	($81,214)	($484,332)	($664,674)
As at 1 Jan. 2020	($67,897)	($65,900)	($476,200)	($609,997)
Amortization	(30,602)	(7,324)	－	(37,926)
Disposals	14,891	－	－	14,891
Transfers	－	609	－	609
Exchange differences	285	(709)	13,136	12,712
As at 30 Sep. 2020	($83,323)	($73,324)	($463,064)	($619,711)
Net carrying amount as at:				
30 Sep. 2021	$55,612	$78,117	$95,270	$228,999
31 Dec. 2020	$67,489	$89,219	$97,229	$253,937
30 Sep. 2020	$75,304	$88,518	$139,494	$303,316

Amortization expense of intangible assets under the statement of comprehensive income:

	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2021	2020	2021	2020
Operating costs	$3,745	$3,795	$10,338	$11,690
Operating expenses	$6,978	$9,178	$22,044	$26,236

(11) Impairment testing of goodwill

Goodwill acquired through business combinations for impairment testing as follows:

Carrying amount of goodwill allocated to each of the cash-generating units of diodes:

	As at		
	30 Sep. 2021	31 Dec. 2020	30 Sep. 2020
Goodwill	$95,270	$97,229	$139,494

The impairment testing of goodwill was conducted for the cash-generating unit of diodes on 30 September 2021. This recoverable amount has been determined based on a value in use calculation using cash flow projections from financial budgets approved by management. The projected cash flows have been updated to reflect the change in demand for products and the going concern assumption for the unit. As the development of one of the cash generating units in the diodes business group was not as well as expected, the expected model of future economic benefit has been changed. Also, it did not continue to generate net cash inflow. Therefore, the cash generating unit recognized impairment loss in the amount of $40,916 thousand against goodwill allocated for the year ended 2020. For the rest of the cash generating units in the diodes business group, the pre-tax discount rate applied to cash flow projections in 2020 was between 10.5% and 16.2%, and the growth rate was the same as the long-term average growth rate for the industry. Based on the result of this analysis, management did not identify an impairment for goodwill which was allocated to this cash-generating unit.

Key assumptions used in value-in-use calculations

Gross margins – Gross margins are based on operating results and further average values achieved in the years preceding the start of the budget period.

Discount rates – Discount rates reflect the current market assessment of the risks specific to each cash generating unit (including the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted). The discount rate was estimated based on the weighted average cost of capital (WACC) for the Group, taking into account the particular situations of the Group and its operating segments. The WACC includes both the cost of liabilities and cost of equities. The cost of equities is derived from the expected returns of the Group's investors on capital, where the cost of liabilities is measured by the interest-bearing loans that the Group has obligation to settle. Specific risk relating to the operating segments is accounted for by considering the individual beta factor which is evaluated annually and based on publicly available market information.

Growth rate estimates – Rates are based on published industry research.

Sensitivity to changes in assumptions

With regard to the assessment of value-in-use of the diodes, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

(12) Short-term borrowings

	As at		
	30 Sep. 2021	31 Dec. 2020	30 Sep. 2020
Unsecured bank loans	$3,407,519	$1,898,733	$2,618,397

	30 Sep. 2021	31 Dec. 2020	30 Sep. 2020
Interest rates	0.46%~3.60%	0.55%~2.35%	0.60%~2.40%
Due date	6 Oct. 2021～ 3 Aug. 2022	13 Jan. 2021～ 1 Dec. 2021	5 Oct. 2020～ 1 Apr. 2021

The Group's unused short-term lines of credits amount to $6,238,846 thousand, $7,436,828 thousand and $4,166,681 thousand as of 30 September 2021, 31 December 2020 and 30 September 2020, respectively.

(13) Financial liabilities at fair value through profit or loss- Current

	As at		
	30 Sep. 2021	31 Dec. 2020	30 Sep. 2020
Held for trading:			
Derivatives not designated as hedging Instruments			
Forward exchange agreement and cross currency swap contracts	$−	$2,925	$−

(14) Notes payable

	As of		
	30 Sep. 2021	31 Dec. 2020	30 Sep. 2020
Notes payable arising from operating activities	$728,751	$556,694	$472,645

(15) Long-term deferred revenue

	For the nine-month periods ended 30 September	
	2021	2020
Beginning balance	$100,701	$124,062
Addition	25,972	4,613
Recognized to the statement of comprehensive income	(20,867)	(28,091)
Reclassification	(345)	−
Exchange differences	(1,362)	(1,320)
Ending Balance	$104,099	$99,264

	As of		
	30 Sep. 2021	31 Dec. 2020	30 Sep. 2020
Non-current deferred revenue - related to assets	$104,099	$100,701	$99,264

Government grants have been received for the purchase of certain items of property, plant and equipment and land use right. There are no unfulfilled conditions or contingencies attached to these grants recognized to the statement of comprehensive income.

(16) Long-term borrowings

Details of long-term borrowings are as follows:

	As at		
Lenders	30 Sep. 2021	31 Dec. 2020	30 Sep. 2020
Syndicated loans(A) (Note)	$2,500,000	$2,487,500	$2,187,500
Syndicated loans(B)	602,445	1,121,533	909,757
Project finance(C)	598,000	23,000	22,587
Project finance (D)	300,000	103,000	8,831
Project finance (E)	1,050,000	152,000	100,901
Unsecured bank loans	900,000	765,333	765,333
Subtotal	5,950,445	4,652,366	3,994,909
(Less): Discount on long-term notes	(2,728)	—	—
(Less): Unamortized cost of syndicated loan	(7,140)	(3,194)	(4,245)
(Less): Deferred government grants	(27,031)	(5,441)	—
Total	$5,913,546	$4,643,731	$3,990,664

	As at		
	30 Sep. 2021	31 Dec. 2020	30 Sep. 2020
Interest rates	0.65%~1.35%	0.65%~1.79%	0.65%~1.79%

(Note) In August 2021, the Company renewed the syndicated loan contract which it entered into in 2018 with 16 financial institutions, including the Land Bank of Taiwan.

(A) On 17 August 2021, the Company entered into a syndicated loan contract with 10 financial institutions and the amount of the loan facility was NT$4,200,000 thousand for a period of five years starting from the first day the facility is drawn. The facility must be drawn within three months from the execution date of the contract, otherwise the maturity of the said three-month period shall be deemed the first drawdown day. The extract of terms of the contract are as follows:

a. The total amount of the syndicated loan is NT$4,200,000 thousand.

b. Terms of the syndicated loan agreement:
   i. Category 1: Medium-term loan of $4,200,000 thousand.
   ii. Category 2: Commercial paper of $2,940,000 thousand.

c. The total amount of category 1 and category 2 shall not exceed the total amount of the syndicated loan.

d. Terms of financial ratios
   Within the contract period, the Company is required to calculate annually the financial ratios and agree with assigned threshold based on the figures from audited consolidated financial report.

   i. Current ratio (current asset / current liability): higher than 100%.
   ii. Debt ratio (liability / equity): lower than 200%.
   iii. Interest coverage ratio【（net profit before tax + interest expense + depreciation + amortization ）/ interest expense】: higher than 2.5 times.
   iv. Net worth: higher than NT$5,300,000 thousand or USD equivalent.

(B) On 17 October 2018, the subsidiary, PAN-JIT ASIA INTERNATIONAL INC., entered into a syndicated loan contract with 17 financial institutions and the amount of the loan facility was US$66,000 thousand for a period of five years starting from the first day the facility is drawn. The facility must be drawn within three months from the execution date of the contract, otherwise the maturity of the said three-month period shall be deemed the first drawdown day. The extract of terms of the contract as following:

a. Terms of the syndicated loan agreement:

i. Category 1: Medium-term loan up to US$35,000 thousand, which should be used in one time.

ii. Category 2: Medium-term loan up to US $31,000 thousand, which can be used as a revolving loan within the credit period.

b. Terms of financial ratios:

Within the contract period, the Company should annually calculate the financial ratios and agree with the assigned figures based on the data from audited consolidated financial report.

i. Current ratio (current asset / current liability): higher than 100%.

ii. Debt ratio (liability / equity): lower than 200%.

iii. Interest coverage ratio【（net profit before tax + interest expense + depreciation + amortization）/ interest expense】: higher than 2.5 times.

iv. Net worth: higher than NT$5,300,000 thousand or USD equivalent.

Certain property, plant and equipment are pledged as first priority security as well as the top managements are grantors for the secured syndicated loans, please refer to Notes 7 and 8 for more details.

(C) On 9 September 2019, the Company entered into a credit agreement with Taishin International Bank in the amount of NT$600,000 thousand for the investment program for Welcome Overseas Taiwanese Businesses to return to invest in Taiwan. The related terms are as following:

Credit line	Credit Period	Interest rate	Repayment method
$400,000	Seven years from the date of first drawdown	In accordance with the two-year time deposit interest rate of Chunghwa Post Co., Ltd. plus/minus, and the actual interest rate shall not be lower than 1.15%.	Three-year grace period. After the grace period expires, the principal shall be paid back in monthly equal installments.
$200,000	Seven years from the date of first drawdown	In accordance with the two-year time deposit interest rate of Chunghwa Post Co., Ltd. plus/minus, and the actual interest rate shall not be lower than 1.15%.	Three-year grace period. After the grace period expires, the principal shall be paid back in monthly equal installments.

(D) On 25 October 2019, the Company entered into a credit agreement with Chang HWA Bank in the amount of NT$900,000 thousand for the investment program for Welcome Overseas Taiwanese Businesses to return to invest in Taiwan. The related terms are as following:

Credit line	Credit Period	Interest rate	Repayment method
$600,000	Seven years from the date of first drawdown	In accordance with the two-year time deposit interest rate of Chunghwa Post Co., Ltd. plus/minus, and the actual interest rate shall not be lower than 1.15%.	Three-year grace period. After the grace period expires, the principal shall be paid back in monthly equal installments.
$300,000	Seven years from the date of first drawdown	In accordance with the two-year time deposit interest rate of Chunghwa Post Co., Ltd. plus/minus, and the actual interest rate shall not be lower than 1.15%.	Three-year grace period. After the grace period expires, the principal shall be paid back in monthly equal installments.

(E) On 1 November 2019, the Company entered into a credit agreement with First Commercial Bank in the amount of NT$1,500,000 thousand for the investment program for Welcome Overseas Taiwanese Businesses to return to invest in Taiwan. The related terms are as following:

Credit line	Credit Period	Interest rate	Repayment method
$1,000,000	Seven years from the date of first drawdown	In accordance with the two-year time deposit interest rate of Chunghwa Post Co., Ltd. plus/minus, and the actual interest rate shall not be lower than 1.15%.	Three-year grace period. After the grace period expires, the principal shall be paid back in monthly equal installments.
$500,000	Seven years from the date of first drawdown	In accordance with the two-year time deposit interest rate of Chunghwa Post Co., Ltd. plus/minus, and the actual interest rate shall not be lower than 1.15%.	Three-year grace period. After the grace period expires, the principal shall be paid back in monthly equal installments.

(17) Post-employment benefits

Defined contribution plan

Expenses under the defined contribution plan for the three-month periods ended 30 September 2021 and 2020 were $12,296 thousand and $10,407 thousand, respectively; for the nine-month periods ended 30 September 2021 and 2020 were $36,056 thousand and $30,870 thousand, respectively.

Defined benefits plan

Expenses under the defined benefits plan for the three-month periods ended 30 September 2021 and 2020 were $830 thousand and $950 thousand, respectively; for the nine-month periods ended 30 September 2021 and 2020 were $2,534 thousand and $2,891 thousand, respectively.

(18) Equities

(a) Common stock

As of 30 September 2021, 31 December 2020 and 30 September 2020, the Company's authorized capital were $6,000,000 thousand, and issued capital were $3,328,149 thousand, each at a par value of NT$10. Each share has one voting right and a right to receive dividends.

(b) Capital surplus

	As at		
	30 Sep. 2021	31 Dec. 2020	30 Sep. 2020
Additional paid-in capital	$1,000,884	$1,000,884	$1,000,884
Premium on convertible bonds	1,083,418	1,083,418	1,083,418
Employee stock option	24,527	24,527	24,527
Restricted stocks for employees	694	694	694
Share of changes in net assets of associates accounted and joint ventures for using the equity method	81,131	—	20
Others	87,151	87,151	87,151
Total	$2,277,805	$2,196,674	$2,196,694

According to the Company Act, the capital reserve shall not be used except for making good the deficit of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

(c) Treasury stock

To transfer shares to employees, the board of directors resolved to repurchase treasury stock on 23 March 2020. The estimated shares of repurchase were 10,000 thousand with the price range between $10.54 to $34.50, from 24 March 2020 to 23 May 2020.

As of 30 September 2021, 31 December 2020 and 30 September 2020, the treasury stock held by the Company were $16,507 thousand, and the number of treasury stock held by the Company were 700 thousand shares.

(d) Retained earnings and dividend policies

According to the Company's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:

a. Payment of all taxes and dues
b. Offset prior years' operation losses
c. Set aside 10% of the remaining amount after deducting items (a) and (b) as legal reserve
d. Set aside or reverse special reserve in accordance with law and regulations
e. The distribution of the remaining portion, if any, will be recommended by the board of directors and resolved in the shareholders' meeting

According to the provision of Article 240-5 of the Company Act, the Company should authorize the distributable dividends and bonuses in whole or in part are paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution is submitted to the shareholders' meeting.

The policy of dividend distribution approved by the Board should reflect factors such as the operating planning, investment plan, capital budgets, the changes of inner and outer environment. The Company in capital-intensive industries are currently in the stage of expansion. Considering the Company's need for future capital and the long-term financial planning; as well as the shareholders' need for cash inflow, the principle of earning distribution:

The dividend to shareholders should be paid in the form of cash as priority, or in the form of share dividend. Additionally, at least 10% of the dividends must be paid in the form of cash.

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total authorized capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal serve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

According to the provision of Article 241 of the Company Act, the Company shall distribute the whole or a part of the statutory surplus reserve and capital surplus to shareholders in new shares or cash according to their shareholding percentage. When cash is distributed, a resolution adopted by a majority of the shareholders present who represent two-thirds or more of the total number of its outstanding shares of the company shall be required and reported to the shareholders meeting. When new shares are issued, it shall be submitted to the shareholders' meeting for approval before distribution.

When the Company distributing distributable earnings, it shall set aside to special reserve, an amount equal to "other net deductions from shareholders" equity for the current fiscal year, provided that if the company has already set aside special reserve according to the requirements for the adoption of IFRS, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed from the special reserve.

The FSC on 31 March 2021 issued Order No. Financial-Supervisory-Securities-Corporate-1090150022, which sets out the following provisions for compliance:

On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside special reserve. For any subsequent use, disposal or reclassification of related assets, the Company can reverse the special reserve by the proportion of the special reserve first appropriated and distribute it.
The special reserve upon first adoption amounted to $200,400 thousand as of 1 January 2021 and

2020. Because of unused, disposal or reclassification of related assets, there was no reversal from special reserve to unappropriated earnings during the nine-month periods ended of 2021 and 2020. As of 30 September 2021 and 2020, the special reverse upon first adoption amounted to $200,400 thousand.

Details of the 2020 and 2019 earnings distribution and dividends per share as approved and resolved by the shareholders' meeting on 13 July 2021 and 12 June 2020, respectively, are as follows:

	Appropriation of earnings		Dividend per share (NT$)	
	2020	2019	2020	2019
Legal reserve	$88,681	$53,021	$—	$—
Special reserve	$—	$192,205	$—	$—
Common stock -cash dividend (Note)	$498,172	$349,456	$1.50	$1.05

(Note) The Company resolved at the board of directors' meeting held on 26 March 2021 and 23 March 2020 to distribute the dividends of 2020 and 2019 in form of cash.

Please refer to Note 6.22 for details on employees' compensation and remuneration to directors.

(e) Non-controlling interests

	For the nine-month periods ended 30 September	
	2021	2020
Beginning balance	$147,311	$125,176
Profit (loss) attributable to non-controlling interests	9,110	1,622
Other comprehensive income, attributable to non-controlling interests, net of tax:		
Exchange differences resulting from translating the financial statements of a foreign operation	(6,941)	1,172
Unrealized gains or losses from equity instrument investments measured at fair value through other comprehensive income	8,710	6,090
Adjustments arising from changes in ownerships in subsidiaries	(4)	(71)
Acquisition of additional interest in a subsidiary	—	(1,133)
Increase in capital of a subsidiary	—	8,421
Cash dividends from a subsidiary	(6,842)	(8,094)
Others	—	3
Ending balance	$151,344	$133,186

(19) Operating revenue

Revenue from contracts with customers	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2021	2020	2021	2020
Sale of goods	$3,700,761	$2,768,627	$10,422,279	$7,484,292
Other operating revenue	1,130	2,841	12,089	8,487
Total	$3,701,891	$2,771,468	$10,434,368	$7,492,779

Analysis of revenue from contracts with customers during the nine-month periods ended 30 September 2021 and 2020 are as follows:

(a) Disaggregation of revenue

For the nine-month periods ended 30 September 2021:

	Diodes	Solar	Other	Total
Sale of goods	$10,233,082	$158,228	$43,058	$10,434,368

For the nine-month periods ended 30 September 2020:

	Diodes	Solar	Other	Total
Sale of goods	$7,305,902	$146,333	$40,544	$7,492,779

(b) Contract balances

Contract liabilities - current

	30 Sep. 2021	31 Dec. 2020	30 Sep. 2020
Sales of goods	$20,214	$12,772	$24,894

The changes in the balance of contract liabilities of the Group during the nine-month periods ended 30 September 2021 and 2020 were due to the fact that some of the performance obligations have been satisfied to be reclassified to increase in revenue or increase in advance receipts.

(20) Expected credit gains (losses):

	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2021	2020	2021	2020
Operation expense－Expected credit gains (losses)				
Trade receivables	$792	($58)	$638	$951

Please refer to Note 12 for more details on credit risk management.

The Group measures the loss allowance of its trade receivables (including note receivables trade receivables and trade receivables-related parties) at an amount equal to lifetime expected credit losses. The assessment of the Group’s loss allowance as of 30 September 2021, 31 December 2020 and 30 September 2020 are as follows:

The Group considers the grouping of trade receivables by counterparties' credit rating, by geographical region and by industry sector, and its loss allowance is measure by using a provision matrix, details as follows:

<u>As at 30 Sep. 2021</u>

	1-90 days (Note)	91-180 days	181-270 days	271-360 days	Over 361 days	Total
Gross carrying amount	$4,760,788	$441,945	$—	$86	$1,395,543	$6,598,362
Loss rate	—	8.69%	—	50.00%	100.00%	
Lifetime expected credit losses	—	(38,407)	—	(43)	(1,395,543)	(1,433,993)
Total	$4,760,788	$403,538	$—	$43	$—	$5,164,369

<u>As at 31 Dec. 2020</u>

	1-90 days (Note)	91-180 days	181-270 days	271-360 days	Over 361 days	Total
Gross carrying amount	$3,219,458	$682,886	$1,308	$3	$1,432,894	$5,336,549
Loss rate	—	4.84%	20.00%	50.00%	100%	
Lifetime expected credit losses	—	(33,024)	(256)	(1)	(1,432,894)	(1,466,175)
Total	$3,219,458	$649,862	$1,052	$2	$—	$3,870,374

<u>As at 30 Sep. 2020</u>

	1-90 days (Note)	91-180 days	181-270 days	271-360 days	Over 361 days	Total
Gross carrying amount	$3,305,091	$350,475	$1,364	$3,599	$1,465,343	$5,125,872
Loss rate	—	7.76%	20.00%	50.00%	100.00%	
Lifetime expected credit losses	—	(27,214)	(273)	(1,799)	(1,465,343)	(1,494,629)
Total	$3,305,091	$323,261	$1,091	$1,800	$—	$3,631,243

Note: The Group's note receivables are not overdue.

The movement in the provision of impairment of trade receivables during the nine-month periods ended 30 September 2021 and 2020 are as follows:

	Trade receivables
As at 1 Jan. 2021	$1,466,175
Additional/(reversal) for the current period	(638)
Write off	(162)
Effect of changes in exchange rate	(31,382)
As at 30 Sep. 2021	$1,433,993
As at 1 Jan. 2020	$1,543,365
Additional/(reversal) for the current period	(951)
Write off	(5,440)
Effect of changes in exchange rate	(42,345)
As at 30 Sep. 2020	$1,494,629

(21) Leases

(a) Group as a lessee

The Group leases various properties, including real estate such as land and buildings, machinery and equipment, transportation equipment and other equipment. The lease terms range from 1 to 50 years.

The Group's leases effect on the financial position, financial performance and cash flows are as follow:

A. Amounts recognized in the balance sheet

a. Right-of-use assets

The carrying amount of right-of-use assets

	As at		
	30 Sep. 2021	31 Dec. 2020	30 Sep. 2020
Land	$71,747	$72,740	$71,607
Buildings	54,811	71,656	76,107
Transportation equipment	1,602	1,174	284
Other equipment	1,059,529	1,203,410	1,191,027
Total	$1,187,689	$1,348,980	$1,339,025

b. Lease liabilities

	As at		
	30 Sep. 2021	31 Dec. 2020	30 Sep. 2020
Current	$35,455	$35,583	$35,028
Non-current	167,491	202,441	207,021
Total	$202,946	$238,024	$242,049

Please refer to Note 6.(23)(d) for the interest on lease liabilities recognized during the three-month and nine-month periods ended 30 September 2021 and 2020 and refer to Note 12.(5) Liquidity Risk Management for the maturity analysis for lease liabilities as of 30 September 2021.

B. Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2021	2020	2021	2020
Land	$663	$654	$1,994	$1,965
Buildings	5,334	5,639	15,995	16,470
Transportation equipment	175	341	528	1,024
Other equipment	17,918	18,375	53,985	53,757
Total	$24,090	$25,009	$72,502	$73,216

C. Income and costs relating to leasing activities

	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2021	2020	2021	2020
The expenses relating to short-term leases	$2,551	$4,370	$7,943	$6,902
The expenses relating to leases of low-value assets (Not including the expenses relating to short-term leases of low-value assets)	79	117	280	252
The expenses relating to variable lease payments not included in the measurement of lease liabilities	2	–	6	–
Income from subleasing right-of-use assets	196	494	595	4,659

D. Cash outflow relating to leasing activities

During the nine-month periods ended 30 September 2021 and 2020, the Group's total cash outflows for leases amounting to $29,363 thousand and $31,087 thousand, respectively.

E. Other information relating to leasing activities

Extension and termination options

Some of the Group's property rental agreement contain extension and termination options. In determining the lease terms, the non-cancellable period for which the Group has the right to use an underlying asset, together with both periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option. These options are used to maximize operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group.

After the commencement date, the Group reassesses the lease term upon the occurrence of a significant event or a significant change in circumstances that is within the control of the lessee and affects whether the Group is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in its determination of the lease term.

(22) Summary statement of employee benefits, depreciation and amortization expenses by function:

Function / Nature	For the three-month periods ended 30 September					
	2021			2020		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Salaries	$260,528	$346,013	$606,541	$276,026	$169,239	$445,265
Labor and health insurance	$31,691	$16,018	$47,709	$27,940	$11,725	$39,665
Pension	$8,120	$5,006	$13,126	$7,817	$3,540	$11,357
Other employee benefits expense	$18,503	$8,180	$26,683	$16,092	$5,399	$21,491
Depreciation	$133,084	$26,940	$160,024	$131,755	$24,567	$156,322
Amortization	$3,745	$6,978	$10,723	$3,795	$9,178	$12,973

Function / Nature	For the nine-month periods ended 30 September					
	2021			2020		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Salaries	$753,888	$927,500	$1,681,388	$780,819	$487,502	$1,268,321
Labor and health insurance	$92,010	$51,633	$143,643	$72,260	$28,962	$101,222
Pension	$24,324	$14,266	$38,590	$23,291	$10,470	$33,761
Other employee benefits expense	$53,584	$37,865	$91,449	$46,988	$15,947	$62,935
Depreciation	$386,037	$76,567	$462,604	$414,412	$73,987	$488,399
Amortization	$10,338	$22,044	$32,382	$11,690	$26,236	$37,926

According to the Company's Articles of Incorporation, 6% of profit of the current year is distributable as employees' compensation and no higher than 2% of profit of the current year is distributable as remuneration to directors. However, the Company's accumulated losses shall have been covered.

According to Article 235-1 of the Company Act, the Company may, by a resolution adopted by a majority vote at a meeting of board of directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition thereto a report of such distribution is submitted to the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

Based on the profit of the nine-month periods ended 30 September 2021, the Company estimated the amounts of the employees' compensation and remuneration to directors for the nine-month periods ended 30 September 2021 to be 6% and 2% of profit of the current nine-month periods, respectively, recognized as employee benefit expense. As such, employees' compensation and remuneration to directors for the three-month and nine-month periods ended 30 September 2021 amounted to $45,979 thousand and $15,326 thousand, $111,245 thousand and $37,081 thousand, respectively. Employees' compensation and remuneration to directors for the three-month and nine-month periods ended 30 September 2020 amounted to $17,500 thousand and $4,770 thousand, $46,631 thousand and $14,480 thousand, respectively, recognized as employee benefits expense.

A resolution was passed at the board meeting on 26 March 2021 to distribute dividend in cash in the amount of $61,528 thousand and $20,509 thousand for the year end 2020. No material differences exist between the estimated amount and the actual distribution of the employee compensation and remuneration to directors for the year ended 31 December 2020.

(23) Non-operating income and expenses

(a) Interest income

	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2021	2020	2021	2020
Finance assets measured at amortized cost	$23,640	$25,189	$77,256	$77,807

(b) Other income

	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2021	2020	2021	2020
Rental income	$209	$567	$608	$4,797
Dividend income	504	1,285	9,565	7,199
Others	25,921	28,269	82,595	141,773
Total	$26,634	$30,121	$92,768	$153,769

(c) Other gains and losses

	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2021	2020	2021	2020
Gains (Losses) on disposal of property, plant and equipment	($1,594)	$8,435	($13,414)	($13,825)
Gains (Losses) on disposal of investments	(1)	(611)	(133)	2,839
Foreign exchange gains (losses), net	12,150	(20,262)	24,654	(24,503)
Impairment (losses) or gain on reversal impairment loss	18	(650)	(18,718)	301
Gains (Losses) on financial assets / financial liabilities at fair value through profit or loss (Note)	(4,000)	9,105	18,944	8,562
Others	(4,740)	(1,156)	(10,216)	(4,359)
Total	$1,833	($5,139)	$1,117	($30,985)

(Note) Balances were arising from financial assets and financial liabilities mandatorily measured at fair value through profit or loss.

(d) Finance costs

	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2021	2020	2021	2020
Interest on borrowings from bank	($21,008)	($16,323)	($65,169)	($55,473)
Interest on lease liabilities	(1,872)	(2,116)	(5,908)	(6,093)
Total	($22,880)	($18,439)	($71,077)	($61,566)

(24) Components of other comprehensive income

For the three-month periods ended 30 September 2021

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Unrealized gains or losses from equity instrument investments measured at fair value through other comprehensive income	$213,062	$—	$213,062	($636)	$212,426
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	(29,460)	—	(29,460)	—	(29,460)
Total of other comprehensive income	$183,602	$—	$183,602	($636)	$182,966

For the three-month periods ended 30 September 2020

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Unrealized gains or losses from equity instrument investments measured at fair value through other comprehensive income	($7,953)	$—	($7,953)	($1,114)	($9,067)
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	27,517	—	27,517	—	27,517
Total of other comprehensive income	$19,564	$—	$19,564	($1,114)	$18,450

For the nine-month periods ended 30 September 2021

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Unrealized gains or losses from equity instrument investments measured at fair value through other comprehensive income	$254,607	$—	$254,607	($915)	$253,692
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	(195,251)	—	(195,251)	—	(195,251)
Total of other comprehensive income	$59,356	$—	$59,356	($915)	$58,441

For the nine-month periods ended 30 September 2020

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Unrealized gains or losses from equity instrument investments measured at fair value through other comprehensive income	$130,007	$—	$130,007	($6,792)	$123,215
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	(80,229)	—	(80,229)	—	(80,229)
Total of other comprehensive income	$49,778	$—	$49,778	($6,792)	$42,986

(25) Income tax

a. Income tax expense (income) recognized in profit or loss

	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2021	2020	2021	2020
Current income tax expense:				
Current income tax charge	$122,024	$16,802	$306,434	$102,281
Adjustments in respect of current income tax of prior periods	(2,670)	44	13,156	1,855
Deferred tax expense (income):				
Deferred tax expense (income) relating to origination and reversal of temporary differences	17,323	4,254	73,245	14,240
Deferred tax expense (income) relating to origination and reversal of tax loss and tax credit	(1)	－	－	656
Others	3,016	(1,007)	7,401	12,267
Total income tax expense	$139,692	$20,093	$400,236	$131,299

b. Income tax relating to components of other comprehensive income

	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2021	2020	2021	2020
Deferred tax (income) expense:				
Unrealized gains or losses from financial assets measured at fair value through other comprehensive income	$636	$1,114	$915	$6,792

c. The assessment of income tax returns

As of 30 September 2021, the assessment of the income tax returns of the Company and its subsidiaries is as follows:

	The assessment of income tax returns
The Company	Assessed and approved up to 2019
Pynmax Technology Inc.	Assessed and approved up to 2018
Lifetech Energy Inc.	Assessed and approved up to 2019
Aide Energy (Cayman) Holding Co., Ltd. Taiwan Branch	Assessed and approved up to 2019

(26) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2021	2020	2021	2020
(1) Basic earnings per share				
Profit attributable to ordinary equity holders of the Company (in thousand NT$)	$623,798	$281,357	$1,478,784	$680,976
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	332,115	332,115	332,115	332,424
Basic earnings per share (NT$)	$1.88	$0.85	$4.45	$2.05
(2) Diluted earnings per share				
Profit attributable to ordinary equity holders of the Company and effect of potential common shares (in thousand NT$)	$623,798	$281,357	$1,478,784	$680,976
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	332,115	332,115	332,115	332,424
Effect of dilution				
Employee compensation－stock (in thousands)	1,246	1,285	1,935	2,077
Weighted average number of ordinary shares outstanding after dilution (in thousands)	333,361	333,400	334,050	334,501
Diluted earnings per share (NT$)	$1.87	$0.84	$4.43	$2.03

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of the financial statements authorized for issue.

7. Related party transactions

The following is a summary of transactions between the Company and related parties during the reporting periods:

Name and Relationship of Related Parties

Name of related parties	Relationship with the Company
ZIBO MICRO COMMERCIAL COMPONENT CORP.	Associated Enterprises
MILDEX OPTICAL INC.	Associated Enterprises
Mildex OPTOELECTRONICS(XUZHOU) Co., Ltd.	Associated Enterprises
MILDEX OPTICAL USA, INC.	Associated Enterprises
Fang Minqing and other 14 people	The management level above Deputy general manager of the Group

(1) Sales

	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2021	2020	2021	2020
ZIBO MICRO COMMERCIAL COMPONENT CORP.	$111,202	$13,586	$287,154	$75,826
Other	18	—	135	46
Total	$111,220	$13,586	$287,290	$75,872

The sales price to the related parties was determined through mutual agreement in reference to market conditions. The collection periods to related parties were month-end 90 days, and non-related parties were month-end 30~120 days. The outstanding payment at the end of the year were not pledged, interest-free and subject to pay in cash.

(2) Purchase

	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2021	2020	2021	2020
ZIBO MICRO COMMERCIAL COMPONENT CORP.	$233,524	$73,350	$506,192	$226,625

The purchase price from the related parties was determined through mutual agreement in reference to market conditions. The payment periods to related parties were the same with other company and were 30~90 days.

(3) Receivables -related parties

	As at		
	30 Sep. 2021	31 Dec. 2020	30 Sep. 2020
ZIBO MICRO COMMERCIAL COMPONENT CORP.	$124,710	$58,720	$15,643
Other	19	—	—
Total	$124,729	$58,720	$15,643

(4) Other receivables -related parties (non loans)

	As at		
	30 Sep. 2021	31 Dec. 2020	30 Sep. 2020
MILDEX OPTOELECTRONICS(XUZHOU) CO., LTD.	$30,030	$37,754	$37,249
MILDEX OPTICAL USA, INC.	4,654	1,302	91
Other	1,156	189	192
Total	$35,840	$39,245	$37,532

(5) Payables - related parties

	As at		
	30 Sep. 2021	31 Dec. 2020	30 Sep. 2020
ZIBO MICRO COMMERCIAL COMPONENT CORP.	$184,089	$99,114	$67,459

(6) Other payable- related parties (non loans)

	As at		
	30 Sep. 2021	31 Dec. 2020	30 Sep. 2020
Mildex OPTOELECTRONICS(XUZHOU) Co., Ltd.	$39,264	$39,921	$38,935

(7) Rental expense

	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2021	2020	2021	2020
MILDEX OPTICAL INC.	$46	$−	$108	$−

The rental price to the Group was determined through mutual agreements in reference to market conditions.

(8) Rental income

	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2021	2020	2021	2020
MILDEX OPTICAL USA, INC.	$376	$507	$1,108	$1,118

The rental price to the related parties was determined through mutual agreements in reference to market conditions.

(9) Disposal of property, plant and equipment

For the nine-month periods ended 30 Sep. 2021:

Name of the related parties	Asset Name	Sales price	Book value	Gain (Losses)
ZIBO MICRO COMMERCIAL COMPONENT CORP.	Machinery	$960	$858	$102
ZIBO MICRO COMMERCIAL COMPONENT CORP.	Other equipment	315	296	19
Total		$1,275	$1,154	$121

For the nine-month periods ended 30 Sep. 2020:

Name of the related parties	Asset Name	Sales price	Book value	Gain (Losses)
ZIBO MICRO COMMERCIAL COMPONENT CORP.	Machinery	$1,997	$1,514	$483

(10) Key management personnel compensation

	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2021	2020	2021	2020
Short-term employee benefits	$40,079	$22,329	$102,486	$66,130
Post-employment benefits	146	171	438	512
Total	$40,225	$22,500	$102,924	$66,642

As of 30 September 2021 and 2020, certain key management personnel were joint guarantors for the Group’s borrowings from financial institutions.

8. Assets pledged as security

The following table lists assets of the Group pledged as security:

Items	30 Sep. 2021	31 Dec. 2020	30 Sep. 2020	Secured liabilities details
Other current assets	$29,222	$36,860	$35,450	Financial products trade
Property, plant and equipment	－	938,438	973,507	Long-term loans
Total	$29,222	$975,298	$1,008,957	

9. Significant contingencies and unrecognized contractual commitments

(1) Both as of 30 September 2021 and 2020, the Group provided a guaranteed deposit for customs in the amount of $12,000 thousand.

(2) Unused letters of credit as of 30 September 2021 (foreign currency amount in dollars):

Currency	Amount
NTD	$359,568
USD	$3,000,000

10. Losses due to major disasters

None.

11. Significant subsequent events

On October 25, 2021, the Company issued 50,000 thousand units of Global Depository Shares to raise capital, priced at USD3.02 per unit, each representing a unit of ordinary shares of the Company. The new issuance of 50,000 thousand shares amounted to USD 151,000 thousand.

12. Other

(1) Categories of financial instruments

Financial assets

	As at		
	30 Sep. 2021	31 Dec. 2020	30 Sep. 2020
Financial assets at fair value through profit or loss:			
Mandatorily measured at Fair value through profit or loss	$907,192	$1,460,640	$1,878,402
Financial assets at fair value through other comprehensive income	1,382,320	1,171,947	934,599
Financial assets measured at amortized cost	8,434,513	6,344,100	6,073,396
Total	$10,724,025	$8,976,687	$8,886,397

Financial liabilities

	As at		
	30 Sep. 2021	31 Dec. 2020	30 Sep. 2020
Financial liabilities at amortized cost:			
Short-term loans	$3,407,519	$1,898,733	$2,618,397
Trade and other payables	4,137,136	3,286,640	2,981,590
Long-term loans (including current portion)	5,913,546	4,643,731	3,990,664
Lease liabilities	202,946	238,024	242,049
Subtotal	13,661,147	10,067,128	9,832,700
Financial liabilities at fair value through profit or loss:			
Held for trading	－	2,925	－
Total	$13,661,147	$10,070,053	$9,832,700

(2) Financial risk management objectives and policies

The Group's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activates. The Group identifies measures and manages the aforementioned risks based on the Group's policy and risk appetite.

The Group has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Group complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk and other price risk (such as equity risk).

In practice, it is rarely the case that a single risk variable will change independently from other risk variable, there is usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense are denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries.

The Group has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. The Group also uses forward contracts to hedge the foreign currency risk on certain items denominated in foreign currencies. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Group.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group’s profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period. The Group’s foreign currency risk is mainly related to the volatility in the exchange rates for USD and EUR.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group’s exposure to the risk of changes in market interest rates relates primarily to the Group’s debt instrument investments at variable interest rates, bank borrowings with fixed interest rates and variable interest rates.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including investments and borrowings with variable interest rates and interest rate swaps.

Equity price risk

The Group’s listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group’s listed and unlisted equity securities are classified under financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income, while conversion rights of the Euro-convertible bonds issued are classified as financial liabilities at fair value through profit or loss as it does not satisfy the definition of an equity component. The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group’s senior management on a regular basis. The Group’s Board of Directors reviews and approves all equity investment decisions.

The sensitivity analysis of the change in the risk of exposure：

For the nine-month periods ended 30 Sep. 2021

Risk	Change	Profit / Loss (thousand)		Equity attribute (thousand)
Foreign currency	NTD/USD exchange rate ＋/－1％	＋/－	$7,799	－
	NTD/EUR exchange rate ＋/－1％	－/＋	$4,171	－
Interest rate	NTD market interest rate ＋/－100 basic points	＋/－	$70,258	－
Equity price	Equity price ＋/－10％	＋/－	$87,275	$138,233

For the nine-month periods ended 30 Sep. 2020

Risk	Change	Profit (thousand)		Equity attribute (thousand)
Foreign currency	NTD/USD exchange rate ＋/－1％	－/＋	$9,822	－
	NTD/EUR exchange rate ＋/－1％	－/＋	$4,614	－
Interest rate	NTD market interest rate＋/－100 basic points	－/＋	$48,934	－
Equity rate	Equity price＋/－10％	＋/－	－	$93,460

(4) Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a contract, leading to a financial loss. The Group is exposed to credit risk from operating activities (primarily for trade receivables and notes receivables) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to credit risk management. Credit limits are established for all counter parties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Group's internal rating criteria etc. Certain counter parties credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.

As of 30 September 2021, 31 December 2020 and 30 September 2020, trade receivables from top ten customers represent 22%, 17% and 18% of the total trade receivables of the Group, respectively. The credit concentration risk of other trade receivables is insignificant.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Group's treasury in accordance with the Group's policy. The Group only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating and with no significant default risk. Consequently, there is no significant credit risk for these counter parties.

(5) Liquidity risk management

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, highly liquid equity investments, bank borrowings, convertible bonds and finance leases. The table below summarizes the maturity profile of the Group's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as at the end of the reporting period.

Non-derivative financial liabilities

	< 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As at 30 Sep. 2021					
Loans	$3,440,662	$1,532,187	$2,527,524	$1,951,641	$9,452,014
Trade and other payables	$4,137,136	$—	$—	$—	$4,137,136
Lease liabilities	$40,825	$64,867	$43,568	$77,321	$226,581
As at 31 Dec. 2020					
Loans	$1,912,752	$4,396,372	$3,543	$274,396	$6,587,063
Trade and other payables	$3,286,640	$—	$—	$—	$3,286,640
Lease liabilities	$37,921	$78,376	$55,383	$96,286	$267,966

	< 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As at 30 Sep. 2020					
Loans	$5,034,434	$569,253	$913,369	$133,420	$6,650,476
Trade and other payables	$2,981,590	$－	$－	$－	$2,981,590
Lease liabilities	$38,694	$76,940	$57,884	$99,991	$273,509

Derivative financial liabilities

	< 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As at 30 Sep. 2021					
Forward foreign exchange contracts－Inflows	$108,939	$－	$－	$－	$108,939
Forward foreign exchange contracts－Outflows	($108,937)	$－	$－	$－	($108,937)
As at 31 Dec. 2020					
Forward foreign exchange contracts－Inflows	$390,151	$－	$－	$－	$390,151
Forward foreign exchange contracts－Outflows	($393,024)	$－	$－	$－	($393,024)

The table above contains the undiscounted cash flows of derivative financial liabilities.

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the nine-month periods ended 30 Sep. 2021:

	Short-term loans	Long-term loans	Leases liabilities	Total liabilities from financing activities
As at 1 Jan. 2021	$1,898,733	$4,643,731	$238,024	$6,780,488
Cash flows	1,512,806	1,317,244	(29,363)	2,800,687
Non-cash changes	－	(22,012)	7,416	(14,596)
Foreign exchange movement	(4,020)	(25,417)	(13,131)	(42,568)
As at 30 Sep. 2021	$3,407,519	$5,913,546	$202,946	$9,524,011

Reconciliation of liabilities for the nine-month periods ended 30 Sep. 2020:

	Short-term loans	Long-term loans	Leases liabilities	Total liabilities from financing activities
As at 1 Jan. 2020	$2,195,201	$3,411,195	$221,577	$5,827,973
Cash flows	423,196	604,213	(31,087)	996,322
Non-cash changes	－	4,579	49,810	54,389
Foreign exchange movement	－	(29,323)	1,749	(27,574)
As at 30 Sep. 2020	$2,618,397	$3,990,664	$242,049	$6,851,110

(7) Fair values of financial instruments

(a) The methods and assumptions applied in determining the fair value of financial instruments:

The fair value of the financial assets and liabilities is determined at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

a. The carrying amount of cash and cash equivalents, trade receivables, accounts payable and other current liabilities approximate their fair value due to their short maturities.

b. For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities and bonds) at the reporting date.

c. Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).

d. Fair value of debt instruments without market quotations, bank loans, bonds payable and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)

e. The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using on the counterparty prices or appropriate option pricing model (for example, Black-Scholes model) or other valuation method (for example, Monte Carlo Simulation).

(b) Fair value of financial instruments measured at amortized cost

The carrying amount of the Group’s financial assets and liabilities measured at amortized cost approximate their fair value.

(c) Fair value measurement hierarchy of financial instruments

Please refer to Note 12.(9) for fair value measurement hierarchy for financial instruments of the Group.

(8) Derivatives financial instruments

The Group's derivative financial instruments include forward currency contracts and option contracts. The related information for derivative financial instruments not qualified for hedge accounting and not yet settled as of 30 September 2021, 31 December 2020 and 30 September 2020 is as follows:

Forward currency contracts

The Group entered into forward currency contracts to manage its exposure to financial risk, but these contracts are not designated as hedging instruments. The paragraphs below list the information related to forward currency contracts:

	Items (by contract)	Notional Amount (thousand)	Contract Period
As at 30 Sep. 2021			
PAN-JIT ELECTRONIC (WUXI) CO., LTD. (Subsidiary)	Forward currency contract	Sell USD $3,900	29 October 2021~ 31 December 2021
As at 31 Dec. 2020			
PANJIT INTERNATIONAL INC.	Forward currency contract	Sell USD $13,500	7 January 2021~ 19 March 2021
PYNMAX TECHNOLOGY CO., LTD. (Subsidiary)	Forward currency contract	Sell USD $300	15 January 2021
PAN-JIT ELECTRONIC (WUXI) CO., LTD. (Subsidiary)	Forward currency contract	Sell USD $5,100	29 January 2021~ 31 March 2021
As at 30 Sep. 2020			
PANJIT INTERNATIONAL INC.	Forward currency contract	Sell EUR $300	1 September 2020~ 7 October 2020

The counterparties of aforementioned derivatives are well-known banks at domestic and abroad, with good credit, so the credit risk is low.

With regard to the forward foreign exchange contracts, as they have been entered into to hedge the foreign currency risk of net assets or net liabilities, and there will be corresponding cash inflow or outflows upon maturity and the Group has sufficient operating funds, the cash flow risk is insignificant.

(9) Fair value measurement hierarchy

(a) Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3 – Unobservable inputs for the asset or liability.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

(b) Fair value measurement hierarchy of the Group's assets and liabilities

The Group does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Group's assets and liabilities measured at fair value on a recurring basis is as follows:

As at 30 Sep. 2021

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Fund	$—	$845,295	$—	$845,295
Financial products – structured deposit	$—	$—	$34,440	$34,440
Convertible Bond	$—	$27,453	$—	$27,453
Forward currency contracts	$—	$4	$—	$4
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	$1,137,704	$244,616	$—	$1,382,320

As at 31 Dec. 2020

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Fund	$—	$786,883	$—	$786,883
Financial products – structured deposit	$—	$—	$660,927	$660,927
Stocks	$11,920	$—	$—	$11,920
Forward currency contracts	$—	$910	$—	$910
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	$924,476	$247,471	$—	$1,171,947
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Forward exchange contract	$—	$2,925	$—	$2,925

As at 30 Sep. 2020

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Fund	$—	$1,126,741	$—	$1,126,741
Financial products – structured deposit	$—	$—	$751,344	$751,344
Forward currency contracts	$—	$317	$—	$317
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	$646,538	$288,061	$—	$934,599

Transfers between Level 1 and Level 2 during the period

During the nine-month periods ended 30 September 2021 and 2020, there were no transfers between Level 1 and Level 2 fair value measurements.

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy for movements during the period is as follows:

	Financial assets at fair value through profit or loss
	structured deposit
Beginning balances as of 1 January 2021	$660,927
Total gains and losses recognized for the nine-month periods ended 30 September 2021:	
Amount recognized in profit or loss (presented in “other profit or loss”)	—
Acquisition/issues	744,885
Disposal/settlements	(1,366,182)
Exchange differences	(5,190)
Ending balances as of 30 September 2021	$34,440

	Financial assets at fair value through profit or loss
	structured deposit
Beginning balances as of 1 January 2020	$734,433
Total gains and losses recognized for the nine-month periods ended 30 September 2020:	
Amount recognized in profit or loss (presented in “other profit or loss”)	—
Acquisition/issues	(12,807)
Disposal/settlements	35,860
Exchange differences	(6,142)
Ending balances as of 30 September 2020	$751,344

(10) Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

	30 Sep. 2021		
	Foreign currencies (thousand)	Foreign exchange rate	NTD (thousand)
Financial assets			
Monetary items:			
USD	$98,490	27.8500	$2,742,953
EUR	$8,302	32.3200	$268,321
HKD	$1,742	3.5760	$6,228
RMB	$16,861	4.3050	$72,587
Financial liabilities			
Monetary items:			
USD	$70,488	27.8500	$1,963,080
EUR	$21,206	32.3200	$685,368
RMB	$16,170	4.3050	$69,611

	30 Dec. 2020		
	Foreign currencies (thousand)	Foreign exchange rate	NTD (thousand)
Financial assets			
Monetary items:			
USD	$65,323	28.4800	$1,860,390
EUR	$6,768	35.0200	$237,026
HKD	$1,788	3.6730	$6,569
RMB	$14,923	4.3770	$65,316
Financial liabilities			
Monetary items:			
USD	$47,860	28.4800	$1,363,060
EUR	$20,663	35.0200	$723,602
RMB	$3,846	4.3770	$16,832
JPY	$140,218	0.2763	$38,742

	30 Sep. 2020		
	Foreign currencies (thousand)	Foreign exchange rate	NTD (thousand)
Financial assets			
Monetary items:			
USD	$76,131	29.1000	$2,215,425
EUR	$13,661	34.1500	$466,535
HKD	$2,013	3.7540	$7,556
RMB	$138,155	4.2690	$589,784
KRW	$1,122,485	0.0251	$28,174

	30 Sep. 2020		
	Foreign currencies (thousand)	Foreign exchange rate	NTD (thousand)
Financial liabilities			
Monetary items:			
USD	$42,372	29.1000	$1,233,028
EUR	$27,173	34.1500	$927,948
RMB	$52,060	4.2690	$222,243
KRW	$408,954	0.0251	$10,265
JPY	$38,000	0.2756	$10,473

The above information is disclosed based on the carrying amount of foreign currency (after conversion to functional currency).

The Group's functional currency are various, and hence is not able to disclose the information of exchange gains and losses by each significant assets and liabilities denominated in foreign currencies. The exchange (loss) gains of monetary financial assets and liabilities was $12,150 thousand, ($20,262) thousand, $24,654 thousand and ($24,503) thousand for the three-month and nine-month periods ended 30 September 2021 and 2020, respectively.

(11) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

(12) Jiangsu Aide Solar Energy (hereafter "Jiangsu Aide"), a subsidiary of the Company, and Xuzhou Zhongsheng Photovoltaic New Energy Company (hereafter "Zhong Sheng") signed an asset purchase contract on 2 July 2019. Zong Sheng purchased Jiangsu Aide's right-of-use asset, plant and certain equipment in the amount of $337,422 thousand (RMB 79,300 thousand) and assumed Jiangsu Aide's liabilities of $262,691 thousand (RMB6 1,737 thousand). Jiangsu Aide and Zhong Sheng have entered into liabilities assignment agreement with the creditors of Jiangsu Aide that Zhong Sheng will assume the aforementioned liabilities.

As at the financial report date, as there were disputes regarding the transaction delivery terms and tax burden, the final payment of $74,731 thousand (RMB 17,563 thousand) has been delivered by Zong Sheng to Jiangsu Aide on 22 January 2021. Zong Sheng has received from JiangSu Aide the land value increment tax of $27,951 thousand (RMB 6,569 thousand). The amount of court fee was apportioned equally between both parties. JiangSu Aide has recognized the loss appropriately. The final judgement was immaterial to the financial statement in the current year.

(13) PANJIT International Inc. Gangshan factory had a fire incident on 29 March 2021, which caused damages on part of its building and equipment. The factory has resumed normal operation. The damaged assets were covered by insurance. The process of fire claims was completed as of 30 September 2021.

13. <u>Additional Disclosures</u>

(1) Information about Significant Transitions

a. Financing provided to others: Please refer to Attachment 1.
b. Endorsement/Guarantee for others: Please refer to Attachment 2.
c. Securities held at the end of the period (excluding subsidiaries, associates, and joint ventures): Please refer to Attachment 3.
d. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20 percent of the capital stock: Please refer to Attachment 4.
e. Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20 percent of the capital stock: Please refer to Attachment 5.
f. Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20 percent of the capital stock: None
g. Related party transactions for purchases and sales amounts exceeding the lower of NT$100 million or 20 percent of the capital stock: Please refer to Attachment 6.
h. Receivables from related parties with amounts exceeding the lower of NT$100 million or 20 percent of capital stock: Please refer to Attachment 7.
i. Financial instruments and derivative transactions: Please refer to Note 12(8).
j. Business relationships and significant transactions and amount between parent company and subsidiaries and among subsidiaries: Please refer to Attachment 10.

(2) Information of investees：

If the issuer directly or indirectly exercises significant influence or control over, or has a joint venture interest in, an investee company not in the Mainland Area, it shall disclose information on the investee company, showing the name, location, principal business activities, original investment amount, shareholding at the end of the period, profit or loss for the period, and recognized investment gain or loss: Please refer to Attachment 8.

(3) Information on investment in Mainland China:

a. Information on investment in Mainland China: Please refer to Attachment 9
b. Directly or indirectly significant transactions through third regions with the investees in Mainland China, including price, payment terms, unrealized gain or loss:
   i. The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: Please refer to Attachment 6.
   ii. The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Please refer to Attachment 6~7.
   iii. The amount of property transactions and the amount of the resultant gains or losses: None.
   iv. The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: Please refer to Attachment 2.
   v. The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: Please refer to Attachment 1.
   vi. Other transactions that have a material effect on the profit or loss for the period or on the financial position: None.

(4) Information on major shareholders: Please refer to Attachment 11.

14. Segment information

(1) For management purposes, the Group is consisted of business units on the basis of product characteristics and services, and has three reportable operating segments as follows:

a. Diodes: Manufacture and sale the wafers, power components and control module.
b. Solar: Manufacture and sale solar photovoltaic product and sales of electricity
c. Others: Lithium battery management system designed and manufactured; Manufacture and sale LED products.

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured on the same basis with those in the consolidated financial statements. However financial cost, financial income and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segment are on an arm's length basis in a manner similar to transactions with third parties.

	For the three-month periods ended 30 September 2021				
	Diodes	Solar	Others	Adjustment	Total
Revenue					
External customers	$3,633,757	$67,791	$343	$—	$3,701,891
Inter-segment	1	—	—	(1)	—
Total revenue	$3,633,758	$67,791	$343	($1)	$3,701,891
Segment profit	$682,522	$29,542	($359)	$66,367	$778,072

(a) Inter-segment revenues were eliminated on consolidation.
(b) The profit for each operating segment did not include non-operating income and expenses in the amount of $66,367 thousand and income tax expense in the amount of $139,692 thousand. Segment profit included inter-segment sales of $0 and non-operating income and expenses of $66,367 thousand.

	For the three-month periods ended 30 September 2020				
	Diodes	Solar	Others	Adjustment	Total
Revenue					
External customers	$2,689,448	$59,582	$22,438	$—	$2,771,468
Inter-segment	11	—	2	(13)	—
Total revenue	$2,689,459	$59,582	$22,440	($13)	$2,771,468
Segment profit	$278,636	$17,102	($9,522)	$19,512	$305,728

(a) Inter-segment revenues were eliminated on consolidation.
(b) The profit for each operating segment did not include non-operating income and expenses in the amount of $19,512 thousand and income tax expense in the amount of $20,093 thousand. Segment profit included inter-segment sales of $0 and non-operating income and expenses of $19,512 thousand.

	For the nine-month periods ended 30 September 2021				
	Diodes	Solar	Others	Adjustment	Total
Revenue					
External customers	$10,233,082	$158,228	$43,058	$－	$10,434,368
Inter-segment	(781)	－	－	781	－
Total revenue	$10,232,301	$158,228	$43,058	$781	10,434,368
Segment profit	$1,717,296	$42,138	($41,226)	$169,922	$1,888,130

(a) Inter-segment revenues were eliminated on consolidation.

(b) The profit for each operating segment did not include non-operating income and expenses in the amount of $169,922 thousand and income tax expense in the amount of $400,236 thousand. Segment profit included inter-segment sales of $0 and non-operating income and expenses of $169,922 thousand.

	For the nine-month periods ended 30 September 2020				
	Diodes	Solar	Others	Adjustment	Total
Revenue					
External customers	$7,305,902	$146,333	$40,544	$－	$7,492,779
Inter-segment	217	－	2	(219)	－
Total revenue	$7,306,119	$146,333	$40,546	($219)	$7,492,779
Segment profit	$689,940	$28,369	($29,303)	$124,891	$813,897

(a) Inter-segment revenues were eliminated on consolidation.

(b) The profit for each operating segment did not include non-operating income and expenses in the amount of $124,891 thousand and income tax expense in the amount of $131,299 thousand. Segment profit included inter-segment sales of $0 and non-operating income and expenses of $124,891 thousand.

As of 30 September 2021, 31 December 2020 and 30 September 2020, the assets and liabilities of reportable segment information were as follows:

	30 Sep. 2021				
	Diodes	Solar	Others	Adjustment	Total
Assets	$14,238,182	$1,204,723	$5,299	$7,198,968	$22,647,172

	31 Dec. 2020				
	Diodes	Solar	Others	Adjustment	Total
Assets	$9,504,216	$1,316,850	$97,992	$6,838,960	$17,758,018

	30 Sep. 2020				
	Diodes	Solar	Others	Adjustment	Total
Assets	$8,598,271	$1,351,791	$108,383	$6,969,783	$17,028,228

	30 Sep. 2021				
	Diodes	Solar	Others	Adjustment	Total
Liabilities	$11,976,731	$198,001	$332	$2,102,924	$14,277,988

	31 Dec. 2020				
	Diodes	Solar	Others	Adjustment	Total
Liabilities	$8,617,451	$205,616	$13,205	$1,675,014	$10,511,286

	30 Sep. 2020				
	Diodes	Solar	Others	Adjustment	Total
Liabilities	$8,526,332	$227,474	$13,588	$1,537,148	$10,304,542

Notes to the Consolidated Financial Statements of PANJIT International Inc. and Subsidiaries (continued)
(Only reviewed, not verified by generally accepted auditing standards)
(Unit: NT$ thousands, unless otherwise indicated)

Financing provided to others

Attachment 1

No. (Note 1)	Lender	Counter-party	Financial statement account (Note 2)	Related Party	Maximum balance for the period	Ending balance (Note 6)	Actual amount provided	Interest rate	Nature of Financing (Note 3)	Amount of sales to (purchases from) counter-party (Note 4)	Reason for financing (Note 5)	Loss allowance	Collateral		Limit of financing amount for individual counter-party	Limit of total financing amount	Note
													Item	Value			
0	PANJIT International Inc.	EC SOLAR C1 SRL	Other receivables	Yes	577,830	-	-	0.00%	Short-term financing	-	Operating turnover	-	-	-	3,287,136	3,287,136	(Note 7、12)
1	PAN-JIT ASIA INTERNATIONAL INC.	AIDE ENERGY EUROPE B.V.	Other receivables	Yes	551,215	508,717	508,717	2.40%~2.50%	Short-term financing	-	Operating turnover	-	-	-	3,279,171	7,214,175	(Note 8、12)
1	PAN-JIT ASIA INTERNATIONAL INC.	Jiangsu Aide Solar Technology Co., Ltd.	Other receivables	Yes	898,354	874,490	874,490	0.00%	Short-term financing	-	Operating turnover	-	-	-	3,279,171	7,214,175	(Note 8、12)
1	PAN-JIT ASIA INTERNATIONAL INC.	AIDE SOLAR ENERGY (HK) HOLDING LIMITED	Other receivables	Yes	319,002	310,528	310,528	0.00%	Short-term financing	-	Operating turnover	-	-	-	3,279,171	7,214,175	(Note 8、12)
1	PAN-JIT ASIA INTERNATIONAL INC.	PANJIT International Inc.	Other receivables	Yes	858,300	835,500	835,500	0.00%	Short-term financing	-	Operating turnover	-	-	-	3,279,171	7,214,175	(Note 8、12)
2	AIDE ENERGY EUROPE B.V.	EC SOLAR C1 SRL	Other receivables	Yes	577,830	533,280	533,280	2.80%~2.90%	Short-term financing	-	Operating turnover	-	-	-	1,317,298	1,317,298	(Note 9、12)
3	Suzhou Grande Electronics Co. Ltd.	Jiangsu Aide Solar Technology Co., Ltd.	Other receivables	Yes	454,024	443,415	439,681	0.00%	Short-term financing	-	Operating turnover	-	-	-	723,533	723,533	(Note 10、12)
3	Suzhou Grande Electronics Co. Ltd.	Sumnergy Co., Ltd.	Other receivables	Yes	213,328	119,335	106,420	0.00%	Short-term financing	-	Operating turnover	-	-	-	289,413	289,413	(Note 10、12)
4	Pan-Jit Electronics (Wuxi) Co., Ltd.	Shandong Pan-Jit Electronic Technology Co. Ltd.	Other receivables	Yes	44,040	-	-	0.00%	Short-term financing	-	Operating turnover	-	-	-	1,701,562	1,701,562	(Note 11、12)
Total						3,625,265	3,608,616										

(Note 1): The numbering rule is as follows:

1. The parent company is coded "0".

2. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

(Note 2): Accounts receivable from associates, accounts receivable from related parties, shareholder transactions, advance payments, temporary payments... and other items, if they are in the nature of capital loans, must be filled in this form.

(Note 3): The nature of the fund loan should be listed as a business transaction or a short-run financing need.

(Note 4): If the nature of the fund loan is a business transaction, the business transaction amount should be disclosed. The business transaction amount refers to the amount of business transactions between the Company that lent the fund and the counterparty in the most recent year.

(Note 5): If the nature of the fund loan is short-run financing, the counterparty's reasons and the purpose for the loan should be specified, such as repayment of borrowings, purchase of equipment, business turnover... etc.

(Note 6): Pursuant to Article 14 Item 1 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, if a public company submits a capital loan to the Board of Directors for resolutions one by one, although the funds have not yet been allocated, the amount of the board of directors' resolutions should be included in the balance declared to expose the risk; however, if the funds are subsequently repaid, the balance after repayment shall be disclosed to reflect the adjustment of risk. Pursuant to Article 14 Item 2 of the Regulations, if a public company, through the resolution by the board of directors, authorizes the chairman of the board to allocate loans in installments or revolve them within a certain amount and within a one-year period, the capital loan and quota approved by the board of directors should still be used as the balance declared. Although the funds will be repaid thereafter, it is still possible to allocate the loan again, so the capital loan and quota approved by the board of directors should still be used as the balance declared.

(Note 7): For companies or merchants that are in need of short-term financing, the amount of individual loans and the total amount of capital loans to others by the Company shall not exceed 40% of the Company's net worth.

(1) PANJIT International Inc.: The net worth is NT$8,217,840 thousand.

(Note 8): In accordance with the following regulations on the "Capital Loan to Others Operating Procedures" stipulated by each subsidiary of the Company, for companies or merchants that are in need of short-term financing, the amount of individual loans and the total amount of capital loans to others shall not exceed 40% of that company's net worth. If the subsidiary and the foreign companies in which the Company, directly and indirectly, hold 100% of the voting shares engage in fund lending, it is not subject to the above restrictions. However, the individual loan amount and the total amount of funds loaned to others shall not exceed 50% and 110% of that company's net worth. Calculate the net worth of the following companies in accordance with the operating procedures:

(1) PAN-JIT ASIA INTERNATIONAL INC.: The net worth is USD235,488 thousand, which is converted into NT$6,558,341 thousand.

(Note 9): In accordance with the following regulations on the "Capital Loan to Others Operating Procedures" stipulated by each subsidiary of the Company, for companies or merchants that are in need of short-term financing, the amount of individual loans and the total amount of capital loans to others shall not exceed 40% of that company's net worth. If the subsidiary and the foreign companies in which the Company, directly and indirectly, hold 100% of the voting shares engage in fund lending,It is not subject to the above restrictions, but the individual loan amount and the total amount of funds loaned to others shall not exceed 200% of that company's net worth. Calculate the net worth of the following companies in accordance with the operating procedures:

(1) AIDE ENERGY EUROPE B.V.: The net worth is EUR20,379 thousand, which is converted into NT$658,649 thousand.

(Note 10): In accordance with the following regulations on the "Capital Loan to Others Operating Procedures"and "Capital Loan to Others Processing Procedures" stipulated by each subsidiary of the Company, for companies or merchants that are in need of short-term financing, the amount of individual loans and the total amount of capital loans to others shall not exceed 40% of that company's net worth. If the subsidiary and the foreign companies in which the directly and indirectly, hold 100% of the voting shares engage in fund lending,It is not subject to the above restrictions, but the individual loan amount and the total amount of funds loaned to others shall not exceed 100% of that company's net worth. Calculate the net worth of the following companies in accordance with the operating procedures:

(1) Suzhou Grande Electronics Co., Ltd.: The net worth is RMB168,068 thousand, which is converted into NT$723,533 thousand.

(Note 11): In accordance with the following regulations on the Capital Loan to Others Operating Procedures stipulated by each subsidiary of the Company, for companies or merchants that are in need of short-term financing, the amount of individual loans and the total amount of capital loans to others shall not exceed 40% of that company's net worth. If the subsidiary and the foreign companies in which the Company, directly and indirectly, hold 100% of the voting shares engage in fund lending,It is not subject to the above restrictions, but the individual loan amount and the total amount of funds loaned to others shall not exceed 50% of that company's net worth. Calculate the net worth of the following companies in accordance with the operating procedures:

(1) PAN-JIT Electronics (Wuxi) Co., Ltd.: The net worth is RMB790,505 thousand, which is converted to NT$3,403,124 thousand.

(Note 12): It had been written off in preparing the consolidated financial report.

Notes to the Consolidated Financial Statements of PANJIT International Inc. and Subsidiaries (continued)

(Only reviewed, not verified by generally accepted auditing standards)

(Unit: NT$ thousands, unless otherwise indicated)

Endorsement/guarantee for others

Attachment 2

No. (Note 1)	Endorsor/Guarantor	Receiving party		Limit of guarantee/endorsement amount for receiving party (Note 3)	Maximum balance for the period (Note 4)	Ending balance	Actual amount provided (Note 6)	Amount of collateral guarantee/ endorsement	Percentage of accumulated guarantee amount to net assets value from the latest financial statement	Limit of total guarantee/ endorsement amount (Note 3)	Guarantee provided by parent company (Note 7)	Guarantee provided by a subsidiary (Note 7)	Guarantee provided to subsidiaries in Mainland China (Note 7)	Note
		Company Name	Relationship (Note 2)											
0	PANJIT International Inc.	PAN-JIT ASIA INTERNATIONAL INC.	2	$8,217,840	$1,888,260	$1,838,100	$1,838,100	-	22.37%	$8,217,840	Y	N	N	(Note 8)

(Note 1): The numbering rule is as follows:

1. The parent company is coded "0".

2. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

(Note 2): The relationship between endorsement guarantor and the subject of endorsement or guarantee is as follows:

(1) A company with which the Company has business relationship.

(2) A subsidiary in which the Company directly or indirectly holds more than 50% of the voting shares.

(3) The investee company whose parent company and subsidiary hold more than 50% of the common stock.

(4) For the parent company that directly or indirectly holds more than 90% of its common stock equity through its subsidiaries.

(5) Mutually guaranteed companies among counterparts based on the need for undertaking projects.

(6) All capital contributing shareholders make endorsements/guarantees for their jointly invested Company in proportion to their shareholding percentages.

(7) Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

(Note 3): Information to be filled out: According to the operating procedures of endorsement and guarantee for others, the Company's limit of endorsement/guarantee for individuals and the maximum amount of endorsement/guarantee. In the remarks column, explain the calculation method of the endorsement/guarantee for individuals and the total amount.

(Note 4): Highest amount of outstanding endorsement/guarantee for others in current period.

(Note 5): The amount approved by the Board of Directors should be filled. However, if according to Article 12, Paragraph 8 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies,the Board of Directors has authorized the chairman, it refers to the amount decided by the chairman.

(Note 6): The actual amount spent by the endorsed company within the range of the endorsed guarantee balance.

(Note 7): Y is required only for those who are the listed parent company to endorse the subsidiary, those who are the subsidiary to endorse the listed parent company, and those who are located in the mainland area.

(Note 8): According to the Company’s “Procedures for Endorsement and Guarantee”, the limit of the endorsement and guarantee for a single enterprise shall not exceed 100% of the Company’s net worth (ie, NT$8,217,840 thousand);
The total amount of endorsement and guarantees for enterprises outside the Group shall not exceed 100% of the Company’s net worth.

Notes to the Consolidated Financial Statements of PANJIT International Inc. and Subsidiaries (continued)

(Only reviewed, not verified by generally accepted auditing standards)

(Unit: NT$ thousands, unless otherwise indicated)

Securities held at the end of the period (excluding subsidiaries, associates, and joint ventures)

Attachment 3

Unit: USD, RMB, HKD thousand

Holder	Type and name of securities (Note 1)	Relationship (Note 2)	Financial statement account	Ending Balance					Note (Note 4)
				Units/Shares (thousand shares)	Currency	Book value (Note 3)	Percentage of ownership	Fair value	
PANJIT International Inc.	Public shares								
	Jih Lin Technology Co., LTd.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	922	NTD	$87,303	0.98%	$87,303	-
	OTC stock								
	Advanced Microelectronic Products,Inc.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	11,552	NTD	151,336	2.64%	151,336	-
	Sentelic Corporation	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	191	NTD	11,062	0.63%	11,062	-
	Emerging Stock								
	KAISON GREEN ENERGY TECHNOLOGY CO., LTD.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	364	NTD	7,109	0.06%	7,109	-
	Unlisted stock								
	WELLAN SYSTEM CO., LTD.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	445	NTD	-	1.53%	-	-
	TAIDEVELOP INFORMATION CORP.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	334	NTD	-	3.71%	-	-
	ENERGY MOANA TECHNOLOGY CO., LTD.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	1,200	NTD	22,543	3.75%	22,543	-
	Neolink Capital Corp.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	5,000	NTD	51,330	4.28%	51,330	-
Pan-Jit Electronics (Wuxi) Co., Ltd.	Unlisted stock (Note 5)								
	Siyang Grande Electronics Co., Ltd.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	-	RMB	10,005	15.00%	10,005	-
	Wuxi Danchen Intelligent Technology Co., Ltd.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	-	RMB	740	10.00%	740	-
	(Formerly Wuxi One-Light-For-All Technology Development Co., Ltd.)								
	Wealth management products by financial institution								
	Structured deposit	-	Mandatory financial assets measured at fair value through profit or loss - current	-	RMB	8,000	-	8,000	-
LIFETECH ENERGY INC.	Unlisted stock								
	VAYON HOLDING LIMITED	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	-	NTD	-	2.30%	-	-
PAN-JIT ASIA INTERNATIONAL INC.	Fund								
	HYPERION CAPITAL MANAGEMENT LTD.		Mandatory financial assets measured at fair value through profit or loss - non-current	-	USD	-	-	-	
	Siegfried Capital Partners Fund II S.C.Sp.		Mandatory financial assets measured at fair value through profit or loss - current	-	USD	1,100	-	1,100	
	VTeam Supply Chain Finance Limited		Mandatory financial assets measured at fair value through profit or loss - current	-	USD	10,000	-	10,000	
	Wealth management products by financial institution								
	ERSTE GROUP BANK AG	-	Financial assets at amortised cost - non-current	-	USD	471	-	471	-
	RAIFFEISEN BANK INTL	-	Financial assets at amortised cost - non-current	-	USD	479	-	479	-

(continued in next page)

(Unit: NT$ thousands, unless otherwise indicated)

Securities held at the end of the period (excluding subsidiaries, associates, and joint ventures)

(continued from previous page)

Holder	Type and name of securities (Note 1)	Relationship (Note 2)	Financial statement account	Ending Balance					Note (Note 4)
				Units/Shares (thousand shares)	Currency	Book value (Note 3)	Percentage of ownership	Fair value	
Pynmax Technology Co., Ltd.	Convertible Bond								
	China Airlines Co., Ltd.'s seventh domestic unsecured convertible Bond	-	Mandatory financial assets measured at fair value through profit or loss - current	-	NTD	$25,422	-	$25,422	-
	Evergreen Airlines Co., Ltd.'s fourth domestic unsecured convertible Bond	-	Mandatory financial assets measured at fair value through profit or loss - current	-	NTD	2,031	-	2,031	-
	Public shares								
	Jih Lin Technology Co., LTd.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	770	NTD	72,919	0.82%	72,919	-
	MOSEL VITELIC Inc.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	19,000	NTD	807,975	12.17%	807,975	-
	Unlisted stock								
	HI-VAWT TECHNOLOGY CORP.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	2,000	NTD	-	10.00%	-	-
JOYSTAR INTERNATIONAL CO., LTD.	Fund								
	Siegfried Capital Partners Fund II S.C.Sp.	-	Mandatory financial assets measured at fair value through profit or loss - current	-	USD	9,650	-	9,650	-
	VTeam Supply Chain Finance Limited	-	Mandatory financial assets measured at fair value through profit or loss - current	-	USD	4,000	-	4,000	-
AIDE ENERGY (CAYMAN) HOLDING CO., LTD.	Fund								
	Siegfried Capital Partners Fund II S.C.Sp.	-	Financial assets compulsorily measured at fair value through profit or loss - current	-	USD	4,500	-	4,500	-
Jiangsu Aide Solar Technology Co., Ltd.	Unlisted stock(Note 5)								
	MOTECH (Suzhou) New Energy Co., Ltd.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	-	RMB	28,916	4.61%	28,916	Has been pledged to subsidaries
PAN-JIT INTERNATIONAL (H.K.) LTD.	Fund								
	Siegfried Capital Partners Fund II S.C.Sp.	-	Financial assets compulsorily measured at fair value through profit or loss - current	-	HKD	8,580	-	8,580	-

(Note 1): The securities mentioned in this attachment refer to stocks, bonds, beneficiary certificates and securities derived from the above items within the scope of IFRS 9 “Financial Instruments.”

(Note 2): If the securities issuer is not a related party, this column should be left blank.

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

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

(Note 5): It is a limited company, so the number of shares and net worth per share are not available.

Notes to the Consolidated Financial Statements of PANJIT International Inc. and Subsidiaries (continued)
(Only reviewed, not verified by generally accepted auditing standards)
(Unit: NT$ thousands, unless otherwise indicated)
Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20 percent of the capital stock

Attachment 4

Company	Type and name of the securities (Note 1)	Accounting item	Counter-party (Note 2)	Relationship (Note 2)	Currency	Beginning Balance		Addition(Note 3)		Disposal(Note 3)				Ending Balance	
						Share(thousand)	Amount(thousand)	Share(thousand)	Amount(thousand)	Share(thousand)	Amount(thousand)	Book value(thousand)	loss(gain) on disposal(thousand)	Shares(thousand)	Amounts(thousand)
PANJIT International Inc.	ALLTOP THCHNOLOGY CO., INC Common Stocks	Investments accounted for using the equity method	Centralized securities exchange market	-	NTD	-	$-	11,162	$1,455,570 (Note 4、7) 76,049 (Note 5) 27,584 (Note 6)	-	$-	$-	$-	11,162	$1,559,203

(Note 1): The securities mentioned in this attachment refer to stocks, bonds, beneficiary certificates and securities derived from the above items.
(Note 2): Investors who adopt the equity method for securities accounts must fill in these two columns, the rest are not required.
(Note 3): The accumulated buying and selling amount shall be calculated separately at market price whether it reaches NT$300 million or 20% of the paid-in capital.
(Note 4): On 5 March 2021, the Group acquired 19.97% of common shares of ALLTOP TECHNOLOGY CO., LTD. In April 2021, the Group purchased additional 220,000 shares resulting in 19.99% of shares.
Until September 2021, the conversion of convertible bonds into shares of ALLTOP caused a change in equity ownership. The percentage of common shares held by the Group was subsequently diluted to 19.17%.
(Note 5): It is the share of profit and loss recognized under the equity method and the exchange differences arising on translation of foreign operations.
(Note 6): The adjustment to capital surplus does not apply to the change of investee's share of equity.
(Note 7): This amount is the original acquisition cost of NT$1,557,524 thousand after deducting the cash dividend of NT$101,954 thousand received this year.

(Only reviewed, not verified by generally accepted auditing standards)

(Unit: NT$ thousands, unless otherwise indicated)

Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20 percent of the capital stock

Attachment 5

Company	Property	Transation Date	Transaction amount	Payment status	Counter-party	Relationship	Where counter-party is a related party, details of prior transactions				Price reference	Date of acquisition and status of utilization	Other commitments
							Former holder of property	Relationship between former holder and acquirer of property	Date of transaction	Transaction amount			
PANJIT International Inc.	Property and Bilding in Haotian Section Xizhi Dist., New Taipei City	110.03.26	$517,000	$517,000	Farglory Land Development Co., LTD	None	-	-	-	-	Appraisal report	Operational requirements	None

Notes to the Consolidated Financial Statements of PANJIT International Inc. and Subsidiaries (continued)

(Only reviewed, not verified by generally accepted auditing standards)

(Unit: NT$ thousands, unless otherwise indicated)

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

Attachment 6

Purchaser (seller)	Counter-party	Relationship	Transactions				Situation and reason for difference between transaction condition and common transaction		Notes and accounts receivable(payable)		Note
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Credit Term	Unit price	Credit Term	Balance	Percentage of total receivables (payable)	
PANJIT International Inc.	Pan-Jit Electronics (Wuxi) Co., Ltd.	Subsidiaries	(Sales)	($843,107)	13%	General	Not applicable	Not applicable	$364,940	13%	(Note 2)
	Pan-Jit Electronics (Wuxi) Co., Ltd.	Subsidiaries	Purchase	1,396,676	38%	General	Not applicable	Not applicable	(359,827)	27%	(Note 2)
	Pynmax Technology Co., Ltd.	Subsidiaries	Purchase	460,318	13%	General	Not applicable	Not applicable	(360,289)	27%	(Note 2)
Pynmax Technology Co., Ltd.	PANJIT International Inc.	The Company	(Sales)	(460,318)	41%	General	Not applicable	Not applicable	360,289	59%	(Note 2)
	Pan-Jit Electronics (Wuxi) Co., Ltd.	Subsidiaries	(Sales)	(426,071)	38%	General	Not applicable	Not applicable	156,387	26%	(Note 2)
Shandong Pan-Jit Electronic Technology Co. Ltd.	Pan-Jit Electronics (Wuxi) Co., Ltd.	Subsidiaries	(Sales)	(116,773)	84%	General	Not applicable	Not applicable	21,426	81%	(Note 2)
Pan-Jit Electronics (Wuxi) Co., Ltd.	PANJIT International Inc.	The Company	(Sales)	(1,396,676)	25%	General	Not applicable	Not applicable	359,827	13%	(Note 2)
	PANJIT International Inc.	The Company	Purchase	843,107	17%	General	Not applicable	Not applicable	(364,940)	15%	(Note 2)
	Pynmax Technology Co., Ltd.	Subsidiaries	Purchase	426,071	9%	General	Not applicable	Not applicable	(156,387)	7%	(Note 2)
	Shandong Pan-Jit Electronic Technology Co. Ltd.	Subsidiaries	Purchase	116,773	2%	General	Not applicable	Not applicable	(21,426)	1%	(Note 2)
	ZIBO MICRO COMMERCIAL COMPONENT CORP.	Associates	(Sales)	(287,154)	5%	General	Not applicable	Not applicable	124,710	4%	-
	ZIBO MICRO COMMERCIAL COMPONENT CORP.	Associates	Purchase	506,192	10%	General	Not applicable	Not applicable	(184,089)	8%	-

(Note 1): The amount of paid-in capital refers to the amount of paid-in capital of the parent company. If the issuer’s stock has no denomination or the denomination per share is not NT$10, the transaction amount of 20% of the paid-in capital shall be calculated based on the 10% of the equity attributable to the owner of the parent company on the balance sheet.

(Note 2): It had been written off in preparing the consolidated financial report.

Notes to the Consolidated Financial Statements of PANJIT International Inc. and Subsidiaries (continued)

(Only reviewed, not verified by generally accepted auditing standards)

(Unit: NT$ thousands, unless otherwise indicated)

Receivables from related parties with amounts exceeding the lower of NT$100 million or 20 percent of capital stock

Attachment 7

The companies that record receivables	Counter-party	Relationship	Ending balance	Turnover rate	Overdue receivables		Amount received in subsequent period	Loss allowance
					Amount	Collection status		
PANJIT International Inc.	Pan-Jit Electronics (Wuxi) Co., Ltd.	Subsidiaries	$364,940 (Note 3)	3.08	$4,303	Dunning as soon as possible	$57,472	(Note 2)
Pynmax Technology Co., Ltd.	PANJIT International Inc.	The Company	360,289 (Note 3)	1.70	92,944	Dunning as soon as possible	-	(Note 2)
	Pan-Jit Electronics (Wuxi) Co., Ltd.	Subsidiaries	156,387 (Note 3)	3.63	-	-	-	(Note 2)
Pan-Jit Electronics (Wuxi) Co., Ltd.	PANJIT International Inc.	The Company	359,827 (Note 3)	5.18	-	-	-	(Note 2)
	ZIBO MICRO COMMERCIAL COMPONENTS CORP.	Associates	124,710	3.07	-	-	-	-

(Note 1): The amount of paid-in capital refers to the amount of paid-in capital of the parent company. If the issuer’s stock has no denomination or the denomination per share is not NT$10, the transaction amount of 20% of the paid-in capital shall be calculated based on the 10% of the equity attributable to the owner of the parent company on the balance sheet.

(Note 2): The consolidated financial report is prepared and the percentage of ownership is 100% and no allowance for loss is required.

(Note 3): It had been written off in preparing the consolidated financial report.

Notes to the Consolidated Financial Statements of PANJIT International Inc. and Subsidiaries (continued)
(Only reviewed, not verified by generally accepted auditing standards)
(Unit: NT$ thousands, unless otherwise indicated)
Name, Location, and Information about Investee Companies (Not Including Investee Companies in Mainland China)

Attachment 8

Investor company	Investee Companies (Note 1, 2)	Location	Main business items	Currency	Initial investment		Investment as of September 30, 2021			Net income (loss) of investee company (Note 2(2))	Investment income (loss) recognized (Note 2(3))	Note
					Ending balance	Beginning balance	Number of shares (thousand)	Percentage of ownership (%)	Book value			
PANJIT International Inc.	PAN-JIT ASIA INTERNATIONAL INC.	Vistra Corporate Services Centre Wickhams Cay II Road Town,Tortola,Vg1110 Virgin Islands,British	Investing	NTD	$7,772,258	$7,318,104	244,086	100.00%	$6,441,015	$585,794	$556,902	Subsidiaries (Note 4、5)
	Pynmax Technology Co., Ltd.	No. 17, Yonggong 1st Rd., Yong'an Dist., Kaohsiung City	Electronic parts and components manufacturing and international trade	NTD	1,069,063	1,069,063	84,462	94.60%	1,760,602	220,150	178,533	Subsidiaries (Note 4、5)
	MILDEX OPTICAL INC.	No. 7, Luke 3rd Rd., Luzhu Dist., Kaohsiung City, Southern Science Industrial Park	Optical lens, instrument, and touch panel Display panel manufacturing	NTD	259,523	259,523	21,470	21.01%	201,399	(23,710)	(4,330)	
	LIFETECH ENERGY INC.	No. 17, Yonggong 1st Rd., Yong'an Dist., Kaohsiung City	LiFePO4 battery Manufacturing and sales	NTD	10,091	10,091	871	20.57%	1,239	(23)	(5)	Subsidiaries (Note 5)
	ALLTOP THCHNOLOGY CO., INC	3F., No. 102, Sec. 3, Zhongshan Rd., Zhonghe Dist., New Taipei City	Electronic parts and components manufacturing and international trade	NTD	1,455,570	-	11,162	19.17%	1,559,203	476,427	83,070	
PAN-JIT ASIA INTERNATIONAL INC.	PAN-JIT INTERNATIONAL (H.K.) LTD.	Unit 1-5 ,18/F., Wah Wai Centre, No.38-40 Au Pui Wan Street, Fotan,Shatin,New Territories	Electronics trade	USD	3,330	3,330	24,711	100.00%	4,100	929	929	Sub-subsidiary (Note 5)
	PAN JIT AMERICAS, INC.	2502 W. Huntington Drive Tempe, AZ 85282	Electronics trade	USD	16,626	16,626	2,431	95.86%	5,812	1,191	1,291	Sub-subsidiary (Note 4, 5)
	PAN JIT EUROPE GMBH	Otto-Hahn-Str. 285609 Aschheim Germany	Electronics trade	USD	770	770	- (Note 3)	100.00%	1,564	348	348	Sub-subsidiary (Note 5)
	CONTINENTAL LIMITED	Vistra Corporate Services Centre, Ground Floor NPF Buliding,BeachRoad, Apia ,Samoa	Investing	USD	10,226	10,226	7,860	100.00%	56,284	4,148	4,148	Sub-subsidiary (Note 5)
	DYNAMIC TECH GROUP LIMITED	Vistra Corporate Services Centre, Ground Floor NPF Buliding,BeachRoad, Apia ,Samoa	Investing	USD	914	1,436	1,648	52.22%	245	49	26	Sub-subsidiary (Note 5)
	PAN JIT KOREA CO.,LTD.	Tower A dong 3601 Ho, Heung Deuk IT Valey, Heung Deuk 1ro 13 Gi Heung-Gu, Yong In City GyungGi-Do, Korea	Electronics trade	USD	288	288	54	60.00%	1,037	348	209	Sub-subsidiary (Note 5)
	AIDE ENERGY (CAYMAN) HOLDING CO., LTD.	The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, P.O. Box 32052, Grand Cayman KY1-1208, Cayman Islands	Reinvestment business and solar energy Photoelectric products	USD	145,857	145,857	235,342	90.25%	(24,250)	2,179	1,967	Sub-subsidiary (Note 5)
Pynmax Technology Co., Ltd.	JOYSTAR INTERNATIONAL CO., LTD.	4th Floor,Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, British Virgin Islands VG1110	Investing	NTD	536,686	593,385	17,522	100.00%	393,786	18,006	18,006	Sub-subsidiary (Note 5)
	MILDEX OPTICAL INC.	No. 7, Luke 3rd Rd., Luzhu Dist., Kaohsiung City, Southern Science Industrial Park	Optical lens, instrument, and touch panel Display panel manufacturing	NTD	288,852	288,852	8,454	8.27%	79,018	(23,710)	(1,960)	
	LIFETECH ENERGY INC.	No. 17, Yonggong 1st Rd., Yong'an Dist., Kaohsiung City	LiFePO4 battery Manufacturing and sales	NTD	26,000	26,000	2,600	61.40%	3,698	(23)	(14)	Sub-subsidiary (Note 5)

(continued in next page)

Name, Location, and Information about Investee Companies (Not Including Investee Companies in Mainland China)

(continued from previous page)

Investor company	Investee Companies (Note 1, Note 2)	Location	Main business items	Currency	Initial investment		Investment as of September 30, 2021			Net income (loss) of investee company (Note 2(2))	Investment income (loss) recognized (Note 2(3))	Note
					Ending balance	Beginning balance	Number of shares (thousand)	Percentage of ownership (%)	Book value			
JOYSTAR INTERNATIONAL CO., LTD.	DYNAMIC TECH GROUP LIMITED	Vistra Corporate Services Centre, Ground Floor NPF Buliding,BeachRoad, Apia ,Samoa	Investing	USD	$1,029	$1,507	1,030	47.78%	$224	$49	$23	Sub-subsidiary (Note 5)
	AIDE ENERGY (CAYMAN) HOLDING CO., LTD.	The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, P.O. Box 32052, Grand Cayman KY1-1208, Cayman Islands	Reinvestment business and solar energy Photoelectric products	USD	6,724	6,724	3,799	1.46%	(392)	2,179	32	Sub-subsidiary (Note 5)
AIDE ENERGY (CAYMAN) HOLDING CO., LTD.	AIDE SOLAR ENERGY (HK) HOLDING LIMITED	15/F, BOC Group Life Assurance Tower, No. 136 Des Voeux Road Central, Central, Hong Kong.	Investing and trade	USD	24,707	24,707	43,101	100.00%	(34,396)	(3)	(3)	Sub-subsidiary (Note 5)
	AIDE ENERGY EUROPE COÖPERATIE U.A.	Strevelsweg 700 - Unit 312, 3083 AS Rotterdam	Investing	USD	23,836	23,836	- (Note3)	99.97%	25,298	1,707	1,707	Sub-subsidiary (Note 5)
	AIDE SOLAR USA,INC.	2507 W. Erie Drive Ste 101 Tempe Arizona 85282	Solar engery product development manufacturing, sales, Self-acting agents of various commodities and technology import and export	USD	1,500	1,500	150	51.72%	-	-	-	Sub-subsidiary (Note 5)
AIDE SOLAR ENERGY (HK) HOLDING LIMITED	AIDE SOLAR USA,INC.	2507 W. Erie Drive Ste 101 Tempe Arizona 85282	Solar engery product development manufacturing, sales, Self-acting agents of various commodities and technology import and export	USD	1,400	1,400	140	48.28%	-	-	-	Sub-subsidiary (Note 5)
	AIDE ENERGY EUROPE COÖPERATIE U.A.	Strevelsweg 700 - Unit 312, 3083 AS Rotterdam	Investing	USD	7	7	- (Note3)	0.03%	8	1,707	-	Sub-subsidiary (Note 5)
AIDE ENERGY EUROPE COÖPERATIE U.A.	AIDE ENERGY EUROPE B.V.	Strevelsweg 700 - Unit 312, 3083 AS Rotterdam	Investing and trade	EUR	18,620	18,620	2	100.00%	21,805	1,426	1,426	Sub-subsidiary (Note 5)
AIDE ENERGY EUROPE B.V.	EC SOLAR C1 SRL	Viale Andrea Doria 7 Cap 20124 MILANO (MI), Italy.	Sales of solar power plants Electricity produced	EUR	17,000	17,000	- (Note3)	100.00%	19,927	1,312	1,178	Sub-subsidiary (Note 4, 5)

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

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

(1) The columns of "Investee", "Location", "Main business activities", "Initial investment amount" and "Shares held as at September 30, 2021" should fill orderly in the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the "Note" column.

(2) The "Net income (loss) of investee company" column should fill in amount of net profit (loss) of the investee for this period.

(3) The "Investment income (loss) recognized" column should fill in the Company (public company) recognized investment income (loss) of its direct subsidiary and recognized investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognized investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this period has included its investment income (loss) which shall be recognized by regulations.

(Note 3): It is a limited company or a merged company, so there is no number of shares.

(Note 4): The investment gain or loss recognized by the Company include the offset of unrealized gain or loss between associates and the amortization of net equity differences.

(Note 5): It had been written off in preparing the consolidated financial report.

(Note 6): The Company lost control of MILDEX OPTICAL INC. in October 2018 and did not incorporate that company and its subsidiaries into the consolidated financial statements. Therefore, since October 2018, investee information of that company and its subsidiaries has not been disclosed.

Notes to the Consolidated Financial Statements of PANJIT International Inc. and Subsidiaries (continued)

(Only reviewed, not verified by generally accepted auditing standards)

(Unit: NT$ thousands, unless otherwise indicated)

Information on investment in mainland China

Attachment 9

Investor company	Investee Companies in Mainland China	Main business items	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of September 30, 2021	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized (Note 2)	Carrying Value as of September 30, 2021	Accumulated Inward Remittance of Earnings as of Outflow September 30, 2021
						Outflow	Inflow						
PANJIT International Inc.	Pan-Jit Electronics (Wuxi) Limited company	Rectifier processing and manufacutring	$757,520	2 PAN-JIT ASIA INTERNATIONAL INC.	$502,145	$-	$-	$502,145	$513,748	100.00%	$513,748 (Note 5)	$3,403,121 (Note 5)	$-
	Summergy CO., LTD.	Research & development of Battery management system Manufacturing and sales of technical services	$146,809	2 PAN-JIT ASIA INTERNATIONAL INC.	122,166	-	-	122,166	(71,658)	70.00%	(50,160) (Note 5)	(70,114) (Note 5)	-
	Suzhou Grande Electronics CO., LTD.	Chip diodes, triodes and other new types of electronics Sales of semiconductor components and related products, as well as technology and after service	$326,944	2 CONTINENTAL LIMITED	344,900	-	-	344,900	11,210	100.00%	11,210 (Note 5)	837,187 (Note 5)	-
	Wuxi ENR Semiconductor Material Technology Co. Ltd. (Formerly Wuxi ENR Semiconductor Materials Technology Co. Ltd.)	Semiconductor pcaking materials Manufacturing and sales	$139,250	2 ENR APPLIED PACKING MATERIAL CORPORATION	9,037	-	-	9,037	-	-	-	-	-
	Max-Diode Electronic., LTD. (Shenzhen)	New types of electronic components, Semiconductor controlled rectifirer	$46,344	2 DYNAMIC TECH GROUP LIMITED	47,151	-	-	47,151	1,419	97.42%	1,383 (Note 5)	9,566 (Note 5)	-
	Pan Jit Electronics (Beijing) CO., LTD.	New types of electronic components, Semiconductor controlled rectifier sales	$12,915	3 Pan-Jit Electronics (Wuxi) Co., Ltd.	-	-	-	-	5,533	100.00%	5,533 (Note 5)	15,593 (Note 5)	-
	Pan Jit Electronics (Shandong) CO., LTD.	Semiconductor wafer manufacturing for automobile And protection of discrete devices, integrated circuit chips And production of packaging products	$459,430	3 Pan-Jit Electronics (Wuxi) Co., Ltd.	-	-	-	-	43,943	70.28%	30,883 (Note 5)	327,431 (Note 5)	-
	Pan Jit Electronics (Qufu) CO., LTD.	New types of electronic components, Semiconductor controlled rectifier sales	$2,153	3 Pan-Jit Electronics (Wuxi) Co., Ltd.	-	-	-	-	(296)	100.00%	(296) (Note 5)	1,393 (Note 5)	-
	PAN JIT SEMICONDUCTOR(XUZHOU) CO., LTD.	Manufacture, process and sales of electronic products	$12,915	3 Pan-Jit Electronics (Wuxi) Co., Ltd.	-	-	-	-	(3)	100.00%	(3) (Note 5)	9 (Note 5)	-

(continued in next page)

Notes to the Consolidated Financial Statements of PANJIT International Inc. and Subsidiaries (continued)

(Only reviewed, not verified by generally accepted auditing standards)

(Unit: NT$ thousands, unless otherwise indicated)

Information on investment in mainland China

(continued from previous page)

Investor company	Investee Companies in Mainland China	Main business items	Total Amount of Paid-in Capital	Method of Investment (Note 1)		Accumulated Outflow of Investment from Taiwan as of January 1, 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of September 30, 2021	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized (Note 2)	Carrying Value as of September 30, 2021	Accumulated Inward Remittance of Earnings as of Outflow September 30, 2021
							Outflow	Inflow						
PANJIT International Inc.	Zibo Micro Commercial Components Corp.	Rectifier diode, rectifier bridge, Electronic devices	$579,208	3	Suzhou Grande Electronics Co. Ltd.	$-	$-	$-	$-	($24,890)	27.81%	($6,922)	$144,376	$-
	Jiangsu Aide Solar Energy Technology CO., LTD.	Solar engery product development manufacturing, sales, Self-acting agents of various commodities and technology import and export	$223,158	2	AIDE ENERGY (CAYMAN) HOLDING CO., LTD.	1,573,193	-	-	1,573,193	13,719	91.63%	12,570 (Note 5)	(1,590,239) (Note 5)	-
Pynmax Technology Co., Ltd.	Max-Diode Electronic,. LTD. (Shenzhen)	New types of electronic components, Semiconductor controlled rectifirer	$46,344	2	DYNAMIC TECH GROUP LIMITED	34,806	-	-	34,806	1,419	47.78%	678 (Note 5)	4,692 (Note 5)	-

Cumulative investment amount remitted from Taiwan to Mainland China at the end of the period		Investment amount approved by Investment Review Committee of Ministry of Economy	Investment ceiling in Mainland China according to provisions of Investment Review Committee of Ministry of Economy
PANJIT International Inc.	$2,598,592	$2,746,972	(Note 3)
Pynmax Technology Co., Ltd.	$34,806	$34,806	(Note 4) $1,073,679

(Note 1): The methods for engaging in investment in Mainland China include the following:

(1) Direct investment in Mainland China.

(2) Indirectly investment in Mainland China through companies registered in a third region (Please specify the name of the company in third region).

(3) Other methods.

(Note 2): The investment income (loss) recognized in current period:

(1) It should be indicated if the investee was still in the incorporation arrangement and had not yet any profit during this period.

(2) The investment income (loss) were determined based on the following basis,

A. The financial report was audited by an international certified public accounting firm in cooperation with an R.O.C. accounting firm.

B. The financial statements were audited by the auditors of the parent company.

C. Others.

(Note 3): Due to the Company's establishment of the operating headquarters, in accordance with the provisions of the law, the amount of investment in mainland China is not limited.

(Note 4) Calculations of investment ceiling in Mainland China are as follows:

Pynmax Technology Co., Ltd.: NT$1,789,465 thousand × 60% = NT$1,073,679 thousand.

(Note 5): It had been written off in preparing the consolidated financial report.

Notes to the Consolidated Financial Statements of PANJIT International Inc. and Subsidiaries (continued)

(Only reviewed, not verified by generally accepted auditing standards)

(Unit: NT$ thousands, unless otherwise indicated)

Business relationships and significant transactions and amount between parent company and subsidiaries and among subsidiaries

Attachment 10

No. (Note 1)	Name of transaction party	Counter-party	Relationship (Note 2)	Transaction Status (Note 4)			
				Subject	Amount (Notes 5)	Transaction condition	Percentage of total revenue or assets (Note 3)
0	PANJIT International Inc.	Pan-Jit Electronics (Wuxi) Co., Ltd.	1	Purchase	$1,396,676	The transaction price is based on the average cost and marked on a certain ratio.	13%
				Accounts payable	359,827		2%
				Sales	843,107		8%
				Accounts receivable	364,940		2%
0	PANJIT International Inc.	Pynmax Technology Co., Ltd.	1	Purchase	460,318	The transaction price is based on the average cost and marked on a certain ratio.	4%
				Accounts payable	360,289		2%
1	Pynmax Technology Co., Ltd.	Pan-Jit Electronics (Wuxi) Co., Ltd.	3	Sales	426,071	The transaction price is based on the average cost and marked on a certain ratio.	4%
				Accounts receivable	156,387		1%
1	Pynmax Technology Co., Ltd.	PANJIT International Inc.	2	Sales	460,318	The transaction price is based on the average cost and marked on a certain ratio.	4%
				Accounts receivable	360,289		2%
2	Pan-Jit Electronics (Wuxi) Co., Ltd.	PANJIT International Inc.	2	Sales	1,396,676	The transaction price is based on the average cost and marked on a certain ratio.	13%
				Accounts receivable	359,827		2%
				Purchase	843,107		8%
				Accounts payable	364,940		2%
2	Pan-Jit Electronics (Wuxi) Co., Ltd.	Pan-Jit Electronic (Shandong) Co. Ltd.	3	Purchase	116,773	The transaction price is based on the average cost and marked on a certain ratio.	1%
				Accounts payable	21,426		0%
2	Pan-Jit Electronics (Wuxi) Co., Ltd.	Pynmax Technology Co., Ltd.	3	Purchase	426,071	The transaction price is based on the average cost and marked on a certain ratio.	4%
				Accounts payable	156,387		1%
3	Pan-Jit Electronic (Shandong) Co. Ltd.	Pan-Jit Electronics (Wuxi) Co., Ltd.	3	Sales	116,773	The transaction price is based on the average cost and marked on a certain ratio.	1%
				Accounts receivable	21,426		0%
4	Suzhou Grande Electronics Co. Ltd.	Jiangsu Aide Solar Energy Technology Co., Ltd.	3	Other receivables	439,681	Based on contract of loans.	2%
4	Suzhou Grande Electronics Co. Ltd.	Sumnergy Technology Co., Ltd.	3	Other receivables	106,420	Based on contract of loans.	0%
5	PAN-JIT ASIA INTERNATIONAL INC.	AIDE ENERGY EUROPE B.V.	3	Other receivables	508,717	Based on contract of loans.	2%
5	PAN-JIT ASIA INTERNATIONAL INC.	Jiangsu Aide Solar Energy Technology Co., Ltd.	3	Other receivables	874,490	Based on contract of loans.	4%
5	PAN-JIT ASIA INTERNATIONAL INC.	AIDE SOLAR ENERGY (HK) HOLDING LIMITED	3	Other receivables	310,528	Based on contract of loans.	1%
5	PAN-JIT ASIA INTERNATIONAL INC.	PANJIT International Inc.	2	Other receivables	835,500	Based on contract of loans.	4%
6	AIDE ENERGY (CAYMAN) HOLDING CO., LTD.	Jiangsu Aide Solar Energy Technology Co., Ltd.	3	Prepay for goods	455,134	-	2%
7	AIDE ENERGY EUROPE B.V.	EC SOLAR C1 SRL	3	Other receivables	533,280	Based on contract of loans.	2%

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

(1) Parent company is "0."

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

(Note 2): Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

(Note 3):Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

(Note 4): If the transaction amount between parent and subsidiary reaches NT$100 million or more, it shall be disclosed.

(Note 5): It had been written off in preparing the consolidated financial report.

Information on Major Shareholders

Attachment 11 Unit: shares

Shares / Name of Major Shareholders	Number of shares	Percentage of ownership (%)
Jinmao Investment Co., Ltd.	50,496,710	15.17%

(Note 1): The major shareholders in this attachment are shareholders holding more than 5% of the common and preference stocks that have completed delivery of non-physical registration (including treasury stocks) on the last business day of each quarter calculated by the Taiwan Depository & Clearing Corporation However, the Capital stock recorded in the Company's financial statements and the number of shares actually delivered by the Company without physical registration may differ due to calculation bases

(Note 2): If a shareholder delivers its shareholding information to the trust, the aforesaid information shall be disclosed by the individual trustee who opened the trust account. For information on shareholders, who declare to be insiders holding more than 10% of shares in accordance with the Securities and Exchange Act, and their shareholdings include their shareholdings plus their delivery of trust and shares with the right to make decisions on trust property, please refer to MOPS.

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