Pan-International Industrial Corp. and Subsidiaries

CONSOLIDATED FINANCIAL STATEMENTS AND REVIEW REPORT OF INDEPENDENT ACCOUNTANTS

Third Quarter in 2021 and 2020

(Stock code 2328)

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

Pan-International Industrial Corp. and Subsidiaries

CONSOLIDATED FINANCIAL STATEMENTS AND REVIEW REPORT OF INDEPENDENT ACCOUNTANTS 3rd QUARTER IN 2021 AND 2020

Table of Contents

Independent Auditors' Review Report

(2021) Cai-Shen-Bao-Zi No. 21002117

To Pan-International Industrial Corp.

Foreword

The consolidated balance sheet of Pan-International Industrial Corp. and its subsidiaries as of September 30, 2021 and 2020, the consolidated comprehensive income statement for 2021 and 2020 from July 1 to September 30 and from January 1 to September 30, the consolidated statement of changes in equity and consolidated cash flow statement for 2021 and 2020 from January 1 to September 30, as well as the notes to the consolidated financial statements (including the summary of significant accounting policies), have been duly reviewed by us. It is the responsibility of the management to prepare properly expressed consolidated financial reports in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" recognized and released by the Financial Supervisory Commission, and our responsibility is to conclude the consolidated financial reports based on the review results.

Scope

Except for retaining the statement in the basis paragraph of the qualified opinion, we conducted the review in accordance with the "Review of Financial Statements" of the Auditing Standards Bulletin No. 65. The procedures to be carried out in reviewing the consolidated financial reports include inquiry (mainly with the person in charge of financial and accounting affairs), analytical procedures, and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As stated in notes 4(3) and 6(6) to the consolidated financial reports, the financial reports of the same period of some non-significant subsidiaries are included in the consolidated financial reports mentioned above and investments by equity method have not been verified by us. The total assets as of September 30, 2021 and 2020 (including investment by equity method) were NT$3,432,746 thousand and NT$2,862,346 thousand respectively, accounting for 15% and 14% of the total consolidated assets, while the total liabilities were NT$1,861,019 thousand and NT$1,496,706 thousand respectively, accounting for 20% and 19% of the total consolidated liabilities; their comprehensive profit and loss from July 1 to September 30, 2021 and 2020, and from January 1 to September 30, 2021 and 2020, were NT$4,467 thousand and NT$33,249 thousand, and NT$16,803 thousand and NT$57,209 thousand, accounting for 32%, 5%, 2%, and 16% of the consolidated comprehensive income, respectively.

Conclusion

According to our review results and the review report by other independent auditors (please refer to the Other item), except that the financial reports of the non-significant subsidiaries and investments by equity method mentioned in the basis paragraph of the qualified opinion, if audited by us, may lead to adjustments to the consolidated financial reports, it is not found that the consolidated financial reports above have not been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the "Interim Financial Reporting" of IAS 34 recognized and released by the Financial Supervisory Commission which may lead to the inability to properly express the consolidated financial status of Pan-International Industrial Corp. and its subsidiaries as of September 30, 2021 and 2020, the consolidated financial performance from July 1 to September 30, 2021 and 2020, and from January 1 to September 30, 2021 and 2020, and consolidated cash flow from January 1 to September 30, 2021 and 2020.

Other item - Review by Other Accountants

For some of the subsidiaries included in the consolidated financial statements of the Pan-International Group, their financial reports are not reviewed by us but by other accountants. We have implemented a necessary review of the adjustments to the conversion of these subsidiaries' financial reports into consistent accounting policies. Therefore, in our review report pertaining to the consolidated financial reports above, the amounts in the financial reports of these subsidiaries before adjustments are based on the review reports of other independent auditors. Their total assets as of September 30, 2021 and 2020, were NT$5,239,707 thousand and NT$4,758,530 thousand, respectively, accounting for 23% and 24% of the total consolidated assets. Their operating revenue for the period from July 1 to September 30, 2021 and 2020, and from January 1 to September 30, 2021 and 2020, were NT$1,598,190 thousand, NT$1,599,098 thousand, NT$5,026,132 thousand, and NT$3,095,424 thousand, respectively, accounting for 23%, 30%, 30%, and 21% of the consolidated operating revenue.

PwC Taiwan

Yung-Chien Hsu
Independent Auditors
Min-Chuan Feng

Former Financial Supervisory Commission, Executive Yuan
Approval No.: (84)Tai-Cai-Cheng-VI No. 13377
Former Securities and Futures Bureau, Financial Supervisory Commission, Executive Yuan
Approval No.: Jin-Guan-Cheng-VI-Zi No. 0960038033
November 10, 2021

Pan-International Industrial Corp. and Subsidiaries
Consolidated Balance Sheets
September 30, 2021, December 31, 2020, and September 30, 2020
(the consolidated balance sheet as of September 30, 2021 and 2020, was only reviewed but not audited according to generally accepted auditing standards)

Unit: NTD thousand

	Assets	Note	September 30, 2021 Amount	%	December 31, 2020 Amount	%	September 30, 2020 Amount	%
	Current assets							
1100	Cash and cash equivalents	6 (1)	$ 6,830,001	30	$ 7,544,242	36	$ 6,818,552	34
1110	Financial assets at FVTPL - Current	6 (2)	18,040	-	54,250	-	51,284	-
1150	Net notes receivable	6 (3)	40	-	41	-	131	-
1170	Net accounts receivable	6 (3)	3,357,863	14	2,564,231	12	2,762,335	14
1180	Accounts receivable - Related parties net	7	2,953,069	13	2,759,169	13	2,312,976	11
1200	Other receivables	6 (5) and 7	724,683	3	118,590	1	85,707	-
130X	Inventory	6 (4)	3,412,276	15	1,967,196	10	2,113,226	11
1470	Other current assets	8	198,111	1	159,825	1	167,607	1
11XX	**Total current assets**		17,494,083	76	15,167,544	73	14,311,818	71
	Non-Current Assets							
1510	Financial assets measured at fair value through income - Non-current	6 (2)	1,902	-	-	-	-	-
1517	Financial assets measured at fair value through other comprehensive income - Non-current	6 (5)	2,173,133	10	2,367,713	12	2,694,147	13
1550	Investment by equity method	6 (6) and 8	763,315	3	804,554	4	799,782	4
1600	Property, plant, and equipment	6 (7) and 8	1,894,727	8	1,670,684	8	1,608,784	8
1755	Right-of-use assets	6 (8) and 8	301,471	1	288,179	1	304,182	2
1760	Net investment property	6 (9) and 8	216,000	1	234,558	1	233,772	1
1780	Intangible asset	6 (10)	35,980	-	36,963	-	36,371	-
1840	Deferred tax assets		79,678	1	90,266	1	91,484	1
1900	Other non-current assets	8	16,278	-	19,163	-	20,310	-
15XX	**Total non-current assets**		5,482,484	24	5,512,080	27	5,788,832	29
1XXX	**Total assets**		$ 22,976,567	100	$ 20,679,624	100	$ 20,100,650	100

(To be Continued)

Pan-International Industrial Corp. and Subsidiaries
Consolidated Balance Sheets
September 30, 2021, December 31, 2020, and September 30, 2020
(the consolidated balance sheet as of September 30, 2021 and 2020, was only reviewed but not audited according to generally accepted auditing standards)

Unit: NTD thousand

	LIABILITIES AND EQUITY	Note	September 30, 2021 Amount	%	December 31, 2020 Amount	%	September 30, 2020 Amount	%
	Current liability							
2100	Short-term borrowings	6 (11)	$ 1,727,367	8	$ 1,568,333	8	$ 1,309,500	7
2130	Contractual liabilities - Current	6 (19)	693,238	3	395,622	2	431,573	2
2150	Notes payable		101,247	-	-	-	-	-
2170	Accounts payable		3,919,854	17	2,813,815	14	2,741,765	14
2180	Accounts payable - Related parties	7	1,362,982	6	1,356,093	7	1,691,780	8
2200	Other payables	6 (12)	974,180	4	905,806	4	823,582	4
2230	Current tax liabilities		214,141	1	309,283	1	170,205	1
2280	Lease liabilities - Current	7	78,572	-	73,157	-	74,550	-
2399	Other current liabilities - Other		34,338	-	28,282	-	14,743	-
21XX	**Total current liabilities**		9,105,919	39	7,450,391	36	7,257,698	36
	Non-current liabilities							
2570	Deferred tax liabilities		271,376	1	269,971	1	266,050	1
2580	Lease liabilities - Non-current	7	105,301	1	147,802	1	162,296	1
2600	Other non-current liabilities	6 (13)	25,908	-	23,166	-	52,188	-
25XX	**Total non-current liabilities**		402,585	2	440,939	2	480,534	2
2XXX	**Total liabilities**		9,508,504	41	7,891,330	38	7,738,232	38
	Equity attributable to owners of the parent company							
	Share capital	6 (14)						
3110	Common share capital		5,183,462	23	5,183,462	25	5,183,462	26
	Capital surplus	6 (15)						
3200	Capital surplus		1,503,606	6	1,503,606	8	1,503,606	7
	Retained earnings	6 (16)						
3310	Legal reserve		1,138,619	5	1,062,342	5	1,062,342	5
3320	Special reserve		1,349,724	6	1,312,274	6	1,312,274	7
3350	Unappropriated earnings		4,030,764	18	3,453,829	17	3,159,793	16
	Other equities	6 (17)						
3400	Other equities		(1,351,653)	(6)	(1,349,724)	(7)	(1,348,414)	(7)
31XX	**Total equity attributable to owners of the parent company**		11,854,522	52	11,165,789	54	10,873,063	54
36XX	**Non-controlling interests**	6 (18)	1,613,541	7	1,622,505	8	1,489,355	8
3XXX	**Total equity**		13,468,063	59	12,788,294	62	12,362,418	62
	Significant Contingent Liabilities and Unrecognized Commitments	9						
3X2X	**Total liabilities and equity**		$ 22,976,567	100	$ 20,679,624	100	$ 20,100,650	100

The notes to the consolidated financial reports are attached as part of this consolidated financial report; please refer to them, too.

Chairman：Sung-Fa Lu　　Manager：Sung-Fa Lu　　Accounting supervisor：Feng-An Huang

Pan-International Industrial Corp. and Subsidiaries
Consolidated Statements of Comprehensive Income
January 1 to September 30, 2021 and 2020
(Only reviewed, but not audited according to generally accepted auditing standards)

Unit: NTD thousand
(except in NTD for earnings per share)

	Item	Note	July 1 to September 30, 2021		July 1 to September 30, 2020		January 1 to September 30, 2021		January 1 to September 30, 2020	
			Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenue	6 (19) and 7	$ 6,902,497	100	$ 5,412,622	100	$ 17,027,101	100	$ 15,061,690	100
5000	Operating cost	6 (4) (22) and 7	(6,163,163)	(89)	(4,599,734)	(85)	(15,148,189)	(89)	(13,586,742)	(90)
5900	Operating profit margin		739,334	11	812,888	15	1,878,912	11	1,474,948	10
	Operating expenses	6 (22)								
6100	Selling and marketing expenses		(73,474)	(1)	(56,639)	(1)	(187,125)	(1)	(160,783)	(1)
6200	General and administrative expenses		(174,747)	(3)	(205,182)	(4)	(474,397)	(3)	(546,199)	(4)
6300	Research and development expenses		(99,251)	(1)	(74,311)	(2)	(235,576)	(1)	(186,833)	(1)
6450	Expected credit impairment benefit (loss)	12 (2)	6,570	-	(4,777)	-	(2,566)	-	(16,931)	-
6000	Total operating expenses		(340,902)	(5)	(340,909)	(7)	(899,664)	(5)	(910,746)	(6)
6900	Operating profit		398,432	6	471,979	8	979,248	6	564,202	4
	Non-operating income and expense									
7100	Interest income		17,283	-	25,712	-	66,738	-	88,008	-
7010	Other income	6 (20)	48,167	1	39,427	1	85,239	1	113,213	1
7020	Other gains and losses	6 (21)	36,276	-	(67,834)	(1)	26,482	-	5,194	-
7050	Financial costs	6 (23)	(3,113)	-	(4,877)	-	(9,377)	-	(31,808)	-
7060	Share of profits and losses of affiliated companies and joint ventures recognized by the equity method	6 (6)	(20,963)	-	(3,908)	-	(41,239)	-	(38,772)	-
7000	Total non-operating income and expenses		77,650	1	(11,480)	-	127,843	1	135,835	1
7900	**Net income before tax**		476,082	7	460,499	8	1,107,091	7	700,037	5
7950	Income tax expense	6 (24)	(138,999)	(2)	(125,378)	(2)	(291,886)	(2)	(218,758)	(2)
8200	**Net income for the period**		$ 337,083	5	$ 335,121	6	$ 815,205	5	$ 481,279	3

(To be Continued)

Pan-International Industrial Corp. and Subsidiaries
Consolidated Statements of Comprehensive Income
January 1 to September 30, 2021 and 2020
(Only reviewed, but not audited according to generally accepted auditing standards)

Unit: NTD thousand
(except in NTD for earnings per share)

	Item	Note	July 1 to September 30, 2021 Amount	%	July 1 to September 30, 2020 Amount	%	January 1 to September 30, 2021 Amount	%	January 1 to September 30, 2020 Amount	%
	Items that will not be reclassified subsequently to profit or loss									
8316	Unrealized evaluation profit and loss of equity instrument investment measured at fair value through other comprehensive income	6 (17)	($ 278,940)	(4)	$ 173,500	3	$ 606,901	3	$ 137,425	1
8349	Income tax related to items not reclassified	6 (17)	-	-	-	-	(36,885)	-	-	-
8310	Total of items not reclassified to profit or loss		(278,940)	(4)	173,500	3	570,016	3	137,425	1
	Items that may be reclassified subsequently to profit or loss:									
8361	Currency translation difference	6 (17) (18)	(44,018)	(1)	110,033	2	(345,087)	(2)	(252,317)	(2)
8360	Total of items that may be reclassified subsequently to profit or loss:		(44,018)	(1)	110,033	2	(345,087)	(2)	(252,317)	(2)
8300	**Other comprehensive income (net)**		($ 322,958)	(5)	$ 283,533	5	$ 224,929	1	($ 114,892)	(1)
8500	**Total comprehensive income in the current period**		$ 14,125	-	$ 618,654	11	$ 1,040,134	6	$ 366,387	2
	NET PROFIT ATTRIBUTABLE TO:									
8610	Owners of the parent company		$ 290,623	4	$ 294,699	5	$ 690,759	4	$ 468,737	3
8620	Non-controlling interests		46,460	1	40,422	1	124,446	1	12,542	-
			$ 337,083	5	$ 335,121	6	$ 815,205	5	$ 481,279	3
	Total comprehensive income attributable to:									
8710	Owners of the parent company		($ 14,072)	-	$ 566,412	10	$ 1,025,017	6	$ 432,597	2
8720	Non-controlling interests		28,197	-	52,242	1	15,117	-	(66,210)	-
			$ 14,125	-	$ 618,654	11	$ 1,040,134	6	$ 366,387	2
	Earnings per share (EPS)	6 (25)								
9750	Basic earnings per share		$ 0.56		$ 0.57		$ 1.33		$ 0.90	
9850	Diluted earnings per share		$ 0.56		$ 0.57		$ 1.33		$ 0.90	

The attached notes to the consolidated financial reports are part of this consolidated financial report; please refer to them, too.

Chairman：Sung-Fa Lu   Manager：Sung-Fa Lu   Accounting supervisor：Feng-An Huang

Pan-International Industrial Corp. and Subsidiaries
Consolidated Statements of Changes Equity
January 1 to September 30, 2021 and 2020
(Only reviewed, but not audited according to generally accepted auditing standards)

Unit: NTD thousand

		Equity attributable to owners of the parent company										
			Capital surplus		Retained earnings			Other equities				
	Note	Common share capital	Capital reserve - Issuance premium	Capital reserve - Treasury share transaction	Legal reserve	Special reserve	Unappropriated earnings	Currency translation difference	Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income	Total	Non-controlling interests	Total Equity
2020												
Balance on January 1		$ 5,183,462	$ 1,402,318	$ 101,288	$ 959,410	$ 883,205	$ 3,741,403	($ 1,061,916)	($ 250,358)	$ 10,958,812	$ 1,619,122	$ 12,577,934
Net income for the period		-	-	-	-	-	468,737	-	-	468,737	12,542	481,279
Other comprehensive income recognized for the period	6 (17)	-	-	-	-	-	-	(173,565)	137,425	(36,140)	(78,752)	(114,892)
Total comprehensive income in the current period		-	-	-	-	-	468,737	(173,565)	137,425	432,597	(66,210)	366,387
Earnings distribution and provisions for 2019:												
Provision of legal reserve		-	-	-	102,932	-	(102,932)	-	-	-	-	-
Provision of special reserve		-	-	-	-	429,069	(429,069)	-	-	-	-	-
Cash dividends		-	-	-	-	-	(518,346)	-	-	(518,346)	-	(518,346)
Decrease in non-controlling interests	6 (18)	-	-	-	-	-	-	-	-	-	(63,557)	(63,557)
Balance as at September 30		$ 5,183,462	$ 1,402,318	$ 101,288	$ 1,062,342	$ 1,312,274	$ 3,159,793	($ 1,235,481)	($ 112,933)	$ 10,873,063	$ 1,489,355	$ 12,362,418
2021												
Balance on January 1		$ 5,183,462	$ 1,402,318	$ 101,288	$ 1,062,342	$ 1,312,274	$ 3,453,829	($ 1,163,132)	($ 186,592)	$ 11,165,789	$ 1,622,505	$ 12,788,294
Net income for the period		-	-	-	-	-	690,759	-	-	690,759	124,446	815,205
Other comprehensive income recognized for the period	6 (17)	-	-	-	-	-	-	(235,758)	570,016	334,258	(109,329)	224,929
Total comprehensive income in the current period		-	-	-	-	-	690,759	(235,758)	570,016	1,025,017	15,117	1,040,134
Earnings distribution and provisions for 2020:	6 (16)											
Provision of legal reserve		-	-	-	76,277	-	(76,277)	-	-	-	-	-
Provision of special reserve		-	-	-	-	37,450	(37,450)	-	-	-	-	-
Cash dividends		-	-	-	-	-	(336,925)	-	-	(336,925)	-	(336,925)
Decrease in non-controlling interests	6 (18)	-	-	-	-	-	-	-	-	-	(24,081)	(24,081)
The refund of share payments from the investee's capital reduction exceeds the book value		-	-	-	-	-	641	-	-	641	-	641
Equity instruments measured at fair value through other comprehensive income	6 (5) (17)	-	-	-	-	-	336,187	-	(336,187)	-	-	-
Balance as at September 30		$ 5,183,462	$ 1,402,318	$ 101,288	$ 1,138,619	$ 1,349,724	$ 4,030,764	($ 1,398,890)	$ 47,237	$ 11,854,522	$ 1,613,541	$ 13,468,063

The attached notes to the consolidated financial reports are part of this consolidated financial report； please refer to them, too.

Chairman: Sung-Fa Lu　　Manager: Sung-Fa Lu　　Accounting supervisor: Feng-An Huang

Pan-International Industrial Corp. and Subsidiaries

Consolidated Statements of Cash Flows

January 1 to September 30, 2021 and 2020

(Only reviewed, but not audited according to generally accepted auditing standards)

Unit: NTD thousand

	Note	January 1 to September 30, 2021	January 1 to September 30, 2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		$ 1,107,091	$ 700,037
Adjustments			
income and expenses items			
Depreciation expenses and amortizations	6 (22)	307,981	296,143
Provision for expected credit impairment loss	12 (2)	2,566	16,931
Net benefits of financial assets and liabilities measured at fair value through the income	6 (21)	(10,323)	(23,597)
Interest expense	6 (23)	9,377	31,808
Interest income		(66,738)	(88,008)
Dividend income	6 (20)	(25,408)	(11,678)
Income from rental reduction		(3,090)	(4,308)
Share of profits and losses of affiliated companies recognized by the equity method	6 (6)	41,239	38,772
Unrealized foreign exchange gain		(47,822)	(40,800)
Net loss from the disposal of property, plant and equipment	6 (21)	5,225	453
Gain on disposal of investments	6 (21)	(14,520)	-
Changes in assets/liabilities related to business activities			
Net change in assets related to business activities			
Financial assets and liabilities measured at fair value through the income		44,306	50,461
Net notes receivable		3,686	6,074
Net accounts receivable		(828,129)	(239,453)
Accounts receivable - Related parties net		(32,150)	1,758,368
Other receivables		(40,213)	46,061
Inventory		(1,079,241)	332,497
Other current assets		(24,303)	19,839
Net change in liabilities related to business activities			
Notes payable		(17,358)	-
Accounts payable		615,465	(528,906)
Accounts payable - Related parties		24,941	(484,109)
Other payables		1,556	(153,327)
Other current liabilities		492	(25,221)
Contractual liabilities		297,616	168,462
Other non-current liabilities		1,498	4,739
Cash inflow from operations		273,744	1,871,238
Income tax paid		(393,071)	(245,515)
Net cash inflow (outflow) from operating activities		(119,327)	1,625,723
Cash flows from investing activities			
Acquisition of financial assets at FVTPL		(1,902)	-
Proceeds from disposal of financial assets measured at fair value through other comprehensive income	6 (5)	239,883	-
Refund of capital investment in financial assets measured at fair value through other comprehensive income		814	-
Acquisition of subsidiaries (deducting cash acquired)	6 (27)	(100,004)	-
Purchase property, plant and equipment assets	6 (27)	(465,008)	(266,996)
Proceeds from disposal of property, plant and equipment		11,405	38,861
Decrease in refundable deposits		1,276	87
Increase in other non-current assets		(3,800)	(1,599)
Interest received		66,738	88,272
Dividend received		25,408	11,678
Net cash outflow from investment activities		(225,190)	(129,697)
Cash flows from financing activities			
Increase (decrease) in short-term borrowings	6 (27)	206,856	(223,650)
Lease principal repayment		(49,387)	(42,206)
Cash dividend payment	6 (16)	(336,925)	(518,346)
Interest paid		(7,940)	(30,412)
Number of cash dividends paid to non-controlling interests	6 (18)	(61,002)	(63,557)
Net cash outflow from financing activities		(248,398)	(878,171)
Impact of changes in the exchange rate on cash and cash equivalents		(121,326)	186
Increase (decrease) in cash and cash equivalents in the current period		(714,241)	618,041
Cash and cash equivalents at the beginning of the period		7,544,242	6,200,511
Cash and cash equivalents at the end of the period		$ 6,830,001	$ 6,818,552

The attached notes to the consolidated financial reports are part of this consolidated financial report； please refer to them, too.

Chairman：Sung-Fa Lu　　Manager：Sung-Fa Lu　　Accounting supervisor：Feng-An Huang

Pan-International Industrial Corp. and Subsidiaries
Notes to consolidated financial reports
Third Quarter in 2021 and 2020
(Only reviewed, but not audited according to generally accepted auditing standards)

Unit: NTD thousand
(unless otherwise noted)

I. Organization and operations

Pan-International Industrial Corp. (hereinafter referred to as "the company") was established in the Republic of China. The main business activities of the company and its subsidiaries (hereinafter referred to as "the group") are the development, manufacturing and sales of computer peripheral products and components such as electronic signal cables, connectors, electronic signal cables with connectors, precision molds, and printed circuit boards.

II. The Authorization of Financial Reports

This consolidated financial report was announced after being submitted to the Board of Directors on November 10, 2021.

III. Application of Newly Released and Revised Standards and Interpretations

(I) The impact of the adoption of the new and revised International Financial Reporting Standards (IFRS) approved by the Financial Supervisory Commission (FSC)

The following table sets forth the standards and interpretations for the new issues, amendments, and revisions of International Financial Reporting Standards (IFRS) recognized by the FSC for application in 2021:

New issued/amended/revised standards and interpretations	Effective date of the release of the International Accounting Standards Board
Amendment to IFRS 4 "Extension of temporary exemption from the application of IFRS 9"	January 1, 2021
Amendments to the IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16 second stage “Interest rate benchmark reform”	January 1, 2021
Amendment to IFRS 16 "COVID-19-Related Rent Concessions After June 30, 2021"	April 1, 2021 (Note)

Note: FSC has authorized early application from January 1, 2021 onward.

The Group has assessed that the standards and interpretations above have no significant impact on the financial position and financial performance of the Group.

(II) Impact of not adopting the new and revised International Financial Reporting Standards approved by the FSC

The following table sets forth the standards and interpretations for the new issues, amendments, and revisions of International Financial Reporting Standards (IFRS) recognized by the FSC for application in 2022:

New issued/amended/revised standards and interpretations	Effective date of the release of the International Accounting Standards Board
Amendment to IFRS 3 "Index to conceptual framework"	January 1, 2022
Amendment to IAS 16 "Property, plant and equipment: price before reaching intended use"	January 1, 2022
Amendment to IAS 37 "Loss contracts - Cost of performing contracts"	January 1, 2022
Annual improvement from 2018 to 2020	January 1, 2022

The Group has assessed that the standards and interpretations above have no significant impact on the financial position and financial performance of the Group.

(III) Impact of International Financial Reporting Standards issued by the International Accounting Standards Board not yet approved by the FSC

The following table summarizes the newly issued, amended, and revised standards and interpretations of International Financial Reporting Standards issued by the IASB but not yet recognized by the FSC:

New issued/amended/revised standards and interpretations	Effective date of the release of the International Accounting Standards Board
Amendments to IFRS 10 and IAS 28 "Asset sales or investments between investors and their associated enterprises or joint ventures"	To be decided by IASB
IFRS 17 “Insurance contracts”	January 1, 2023
Amendment to IFRS 17 “Insurance contracts”	January 1, 2023
Amendment to IAS 1 "Classification of current or non-current liabilities"	January 1, 2023
Amendment to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023
Amendment to IAS 8 “Definition of Accounting Estimates”	January 1, 2023
Amendments to IAS 12 regarding "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023

The Group has assessed that the standards and interpretations above have no significant impact on the financial position and financial performance of the Group.

IV. Summary of Significant Accounting Policies

The major accounting policies adopted in the preparation of this consolidated financial report are as follows. Unless otherwise stated, these policies apply consistently throughout the reporting period.

(I) Statement of compliance

This consolidated financial report is prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard No. 34 "Interim financial reporting" approved by the FSC.

(II) Basis of preparation

1. Except for the following important items, this consolidated financial report is prepared at historical cost:

   (1) Financial assets and liabilities (including derivatives) are measured at fair value through income.

   (2) Financial assets measured at fair value through other comprehensive income.

(3) Defined benefit liabilities are recognized according to the net amount of retirement fund assets minus the present value of defined benefit obligations.

2. The preparation of financial reports in accordance with the International Financial Reporting Standards, International Accounting Standards, Interpretation and Interpretation Announcements (hereinafter referred to as IFRSs) recognized by the FSC requires the use of some important accounting estimates. In the application of the group's accounting policies, the management also needs to use its judgment, involving items with high judgment or complexity, or major assumptions and estimates involving consolidated financial reports. Please refer to note 5 for details.

(III) Basis of consolidation

1. Principles for preparation of consolidated financial reports

(1) All subsidiaries of the group are included in the individual entities of the consolidated financial reports. Subsidiaries refer to individual entities (including structured individual entities) controlled by the group. When the group is exposed to or entitled to variable remuneration from participation in an individual entity, and can influence such remuneration through the power over the individual entity, the group controls such an individual entity. Subsidiaries are included in the consolidated financial reports from the date when the group obtains their control, and the merger is terminated from the date of loss of control.

(2) Intra-group transactions, balances and unrealized gains and losses have been eliminated. Necessary adjustments have been made to the accounting policies of the subsidiaries which are consistent with the policies adopted by the group.

(3) The components of profit and loss and other comprehensive income belong to the owners and non- controlling interests of the parent company; the total amount of comprehensive income also belongs to the owners and non-controlling interests of the parent company, even if it results in a loss of the balance of non-controlling interests.

(4) If the change in the shareholding of a subsidiary does not result in a loss of control (transactions with a non- controlling interest), it is treated as an equity transaction, that is, a transaction with the owner. The difference between the adjustment amount of a non-controlling interest and the fair value of the consideration paid or received is directly recognized under equity.

(5) When the group loses control over a subsidiary, the remaining investment in this subsidiary is re-measured at fair value and is regarded as the fair value of the originally recognized financial assets or the cost of the investment in the originally recognized affiliated enterprise or joint venture, and the difference between the fair value and the book value is recognized as the current profit and loss. All amounts previously recognized in other comprehensive income related to the subsidiary are reclassified as profit and loss.

2. Subsidiaries listed in the consolidated financial reports:

Name	Name	Main Business	% of Ownership			Explanation
			September 30, 2021	December 31, 2020	September 30, 2020	
Pan-International Electronics Inc.	PAN-INTERNATIONAL ELECTRONICS INC.(PIU)	Engaged in the import and sales of various electronic products.	100	100	100	(5)
Pan-International Electronics Inc.	PAN GLOBAL HOLDING CO., LTD.(PGH)	Engaged in reinvestment in the Asia Pacific and mainland China businesses, and production and manufacturing of electronic signal cables, connectors, and computer peripheral products.	100	100	100	(1) (2) (4) (5) (6)
Pan-International Electronics Inc.	Yen Yung International Investment Co., Ltd	Engaged in the domestic investment business.	100	100	100	(3) (5) (6)

(1) PGH's subsidiaries, Bristech International Ltd. and Great Support International Ltd., and sub-subsidiary, NCIH International Holdings Ltd., were dissolved in September 2020.

(2) PGH's sub-subsidiary Jiangxi Anya Trading Co., Ltd. was de-registered in March, 2021.

(3) New Ocean Precision Components (Ganzhou) Co., Ltd., a 2nd-tier subsidiary of Yen Yung International Investment Co., Ltd., was resolved in April 2021.

(4) Dongguan Pan-International Precision Electronics Co., Ltd., a 2nd-tier subsidiary of PGH, acquired an 80% equity in Wuhu Ruichang Electric System Co., Ltd. in June 2021. Hence the new investee was included in this consolidated financial report.

(5) The disclosure of the indirect reinvestment of the above subsidiaries in companies in Mainland China is shown in Table 9.

(6) The financial reports of some insignificant subsidiaries of the Group have not been reviewed by an independent auditor.

3. Subsidiaries not included in the consolidated financial reports: No such situation.

4. Different adjustment and treatment methods of subsidiary accounting period: No such situation.

5. Major limitation: No such situation.

6. Subsidiaries with significant non-controlling interests in the group

The total amount of non-controlling interests of the Group as of September 30, 2021, December 31, 2020, and September 30, 2020 were NT$1,613,541, NT$1,622,505, and NT$1,489,355 respectively. The following is the information about the significant non-controlling interests of the Group and its subsidiaries:

		Non-controlling interests					
		September 30, 2021		December 31, 2020		September 30, 2020	
Investee	Main business location	Amount	Shareholding percentage	Amount	Shareholding percentage	Amount	Shareholding percentage
P.I.E. INDUSTRIAL BERHAD	Malaysia	$1,535,639	49	$1,583,933	49	$1,449,964	49

Summary financial information of subsidiaries:

Balance sheet

	September 30, 2021	December 31, 2020	September 30, 2020
Current assets	$ 4,136,819	$ 3,683,194	$ 3,786,925
Non-Current Assets	974,536	864,567	862,046
Current liability	(1,917,916)	(1,256,703)	(1,634,075)
Non-current liabilities	(32,388)	(30,596)	(30,203)
Net total assets	$ 3,161,051	$ 3,260,462	$ 2,984,693

Comprehensive Income Statement

	July 1 to September 30, 2021		July 1 to September 30, 2020	
Income	$	1,598,190	$	1,599,098
Net income before tax		117,761		120,007
Income tax expense	(	29,499)	(	24,437)
Net income for the period		88,262		95,570
Other comprehensive income (after tax)	(	37,571)	(	21,519)
Total comprehensive income in the current period	$	50,691	$	117,089
Total comprehensive profit and loss attributable to non-controlling interests	$	24,626	$	56,882
	January 1 to September 30, 2021		January 1 to September 30, 2020	
Income	$	5,026,132	$	3,095,424
Net income before tax		328,547		98,008
Income tax expense	(	84,550)	(	21,656)
Net income for the period		243,997		76,352
Other comprehensive income (after tax)	(	218,407)	(	160,255)
Total comprehensive income in the current period	$	25,590	$	83,903
Total comprehensive profit and loss attributable to non-controlling interests	$	12,432	$	40,760

Cash Flow Statement

	January 1 to September 30, 2021		January 1 to September 30, 2020	
Net Cash inflow (outflow) from business activities	($	13,495)	($	80,880)
Net cash outflow from investment activities	(	226,828)	(	142,924)
Net cash outflow from financing activities		152,642		135,279
Effects of exchange rate changes on the balance of cash and cash equivalents	(	72,084)	(	36,703)
Decrease in cash and cash equivalents in the current period	(	159,765)	(	234,026)
Cash and cash equivalents at the beginning of the period		1,012,026		1,227,197
Cash and cash equivalents at the end of the year	$	852,261	$	993,171

(IV) Foreign exchange conversion

1. This consolidated financial report is presented in NTD, the functional currency of the company, as the presentation currency.

2. Foreign currency transactions and balances

   (1) Foreign currency transactions are converted into the functional currency at the spot exchange rate on the transaction date or measurement date, and the conversion difference arising from the conversion of such transactions is recognized as current profit and loss.

   (2) The balance of foreign currency monetary assets and liabilities shall be evaluated and adjusted at the spot exchange rate on the balance sheet date, and the conversion difference arising from the adjustment shall be recognized as the current profit and loss.

   (3) The balance of foreign currency non-monetary assets and liabilities measured at fair value through income shall be evaluated and adjusted according to the spot exchange rate on the balance sheet date, and the exchange difference arising from the adjustment shall be recognized as the current profit and loss; if the balance is measured at fair value through other comprehensive income, it shall be evaluated and adjusted according to the spot exchange rate on the balance sheet date, and the exchange difference arising from the adjustment shall be recognized in others comprehensive income; if it is not measured by fair value, it is measured according to the historical exchange rate on the initial trading day.

   (4) All exchange gains and losses are reported in "other gains and losses" in the income statement.

3. Conversion of foreign operations

   (1) For all group individuals and affiliated enterprises whose functional currency is different from the presentation currency, their operating results and financial status shall be converted into the presentation currency in the following ways:

      A. The assets and liabilities expressed in each balance sheet are converted at the spot exchange rate on the balance sheet date;

      B. The income and expense losses expressed in each consolidated income statement are converted at the current average exchange rate; and

      C. All exchange differences arising from the conversion are recognized in other comprehensive income.

   (2) When the foreign operation which is partially disposed of or sold is a subsidiary, the accumulated exchange difference recognized in other comprehensive income is returned to the non-controlling interest of the foreign operation on a pro-rata basis. However, if the Group still retains part of its interest in the aforementioned subsidiary, but has lost control of the subsidiary of the foreign operation, it shall be treated as a disposal of all the rights and interests of the foreign operation.

   (3) Goodwill and fair value adjustments arising from the acquisition of a foreign individual entity are treated as assets and liabilities of the foreign individual entity and are converted at the exchange rate at the end of the period.

(V) Classification criteria for current and non-current assets and liabilities

1. Assets that meet one of the following conditions are classified as current assets:

   (1) The asset is expected to be realized in the normal business cycle or intended to be sold or consumed.

(2) Held mainly for trading purposes.

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

(4) Cash or cash equivalents, except for those to be exchanged or used to settle liabilities in at least 12 months after the balance sheet date.

The Group classifies all assets that do not meet the conditions above as non-current.

2. Liabilities that meet one of the following conditions are classified as current liabilities:

(1) Those that are expected to be settled in the normal business cycle.

(2) Held mainly for trading purposes.

(3) Expected to be settled within 12 months after the balance sheet date.

(4) The repayment period cannot be unconditionally deferred to at least 12 months after the balance sheet date. The terms of the liabilities may be based on the choice of the counterparty; the fact that the liabilities are settled due to the issuance of equity instruments does not affect its classification.

The group classifies all liabilities that do not meet the above conditions as non-current.

(VI) Cash equivalents

Cash equivalents refer to short-term and highly liquid investments that can be converted into a fixed amount of cash at any time with little risk of change in value. Time deposits that meet the definition above and are held to meet short-term cash commitments in operation are classified as cash equivalents.

(VII) Financial assets at FVTPL

1. Financial assets that are not measured at amortized cost or at fair value through other comprehensive income.
2. The group adopts transaction day accounting for financial assets measured at fair value through income in compliance with trading practices.
3. The Group measures their fair value at the time of initial recognition, and the relevant transaction costs are recognized in profit or loss; subsequently, they are measured at fair value, and the profit or loss is recognized in profit or loss.
4. When the right to receive dividends is established, the economic benefits related to dividends are likely to flow in and the number of dividends can be measured reliably, and the group recognizes the dividend income in profit or loss.

(VIII) Financial assets at FVTOCI

1. Refers to an irrevocable choice at the time of initial recognition to report changes in the fair value of equity instrument investments that are not held for trading in other comprehensive income; or debt instrument investments that meet the following conditions at the same time:

(1) The financial asset is held under the business model to collect contractual cash flow and for sale.

(2) The cash flow generated on a specific date from the contractual terms of the financial assets is entirely the interest in the payment of the principal and the outstanding principal amount.

2. The group adopts transaction day accounting for financial assets measured at fair value through other comprehensive income in accordance with trading practices.

3. The group measures their fair value plus transaction costs at the time of original recognition, and is subsequently measured at fair value:

   (1) Changes in the fair value of equity instruments are recognized in other comprehensive income. At the time of derecognition, the accumulated profits or losses previously recognized in other comprehensive income shall not be reclassified to profit or loss but transferred to retained earnings. When the right to receive dividends is established, the economic benefits related to dividends are likely to flow in and the number of dividends can be reliably measured, the group recognizes dividend income in profit or loss.

   (2) Changes in the fair value of debt instruments are recognized in other comprehensive income, and the impairment loss, interest income, and foreign currency exchange gain or loss before derecognition are recognized in profit or loss. At the time of derecognition, the accumulated gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

(IX) Financial assets measured at after-amortization cost

1. Refers to those who meet the following conditions at the same time:

   (1) Holding the financial asset under the business model to collect the contractual cash flow.

   (2) The cash flow generated on a specific date from the contractual terms of the financial assets is entirely the interest in the payment of the principal and the outstanding principal amount.

2. The group adopts transaction day accounting for financial assets measured at after-amortization cost in accordance with trading practices.

3. The group measures their fair value plus transaction cost at the time of original recognition. Subsequently, the effective interest method is adopted to recognize interest income and impairment loss in the current period according to the amortization procedure, and the profit or loss is recognized in profit and loss at the time of derecognition.

4. Due to the short holding period, the fixed deposits held by the group that does not conform to cash equivalents have an insignificant discount effect and are therefore measured by the investment amount.

(X) Accounts and notes receivable

1. Refer to accounts and notes which, according to the contract, have the unconditional right to receive the amount of consideration obtained from the transfer of goods or services.

2. For short-term accounts and notes receivable with unpaid interest, as they have little effect on discount, the group measures them based on the original invoice amount.

(XI) Impairment of financial assets

On each balance sheet date, the Group takes into account all reasonable and verifiable information (including forward-looking) for financial assets measured at amortized cost. If the credit risk does not increase significantly after the original recognition, the loss allowance is measured at 12 months expected credit loss; if the credit risk has increased significantly since the original recognition, the loss allowance is measured according to the expected credit loss amount during the duration; for accounts receivable that do not contain significant financial components, the loss allowance is measured according to the expected credit loss amount in the period.

(XII) Derecognition of financial assets

When the group’s contractual right to receive cash flows from financial assets lapses, the financial assets will be derecognised.

(XIII) Lessor’s lease transaction - Operating lease

Lease income from operating leases, after deducting any incentives given to the lessee, is amortized and recognized as current income on a straight-line method during the lease period.

(XIV) Inventory

Inventories are measured by the lower of cost and net realizable value, and the cost is determined by the weighted average method. The cost of finished products and work-in-progress includes raw materials, direct labor, other direct costs, and production-related manufacturing expenses (allocated according to normal production capacity), but does not include borrowing costs. When comparing whether the cost or the net realizable value is lower, the item-by-item comparison method is adopted. The net realizable value refers to the balance of the estimated selling price in the normal business process after subtracting the estimated cost that must be invested before completion and related variable sales expenses.

(XV) Investment by the equity method - Affiliated enterprises

1. Affiliated enterprises refer to all individual entities in which the group has a significant influence on them but has no control over them. Generally, the group directly or indirectly holds more than 20% of their voting rights. The group’s investment in affiliated enterprises is treated with the equity method and recognized at cost when acquired.

2. The group recognizes the share of profit or loss of the affiliated enterprise as the current income and recognizes the share of other comprehensive income after the acquisition as other comprehensive income. If the group’s share of loss in any affiliated enterprise is equal to or exceeds its interest in the associated enterprise (including any other unsecured receivables), the group does not recognize any further loss, unless the group has a legal or constructive obligation to the associated enterprise or has made payments on its behalf.

3. When the equity change of non-profit and loss and other comprehensive income occurs in the affiliated enterprise but does not affect the shareholding ratio in the affiliated enterprise, the group will recognize the change of equity under the share of the affiliated enterprise as the group as "capital reserve" according to the shareholding ratio.

4. The unrealized gains and losses arising from the transactions between the group and its affiliated enterprises have been written off in proportion to the equity in the affiliated enterprises; unless there is evidence showing that the assets transferred by the transaction have been impaired, the unrealized losses will also be eliminated. Necessary adjustments have been made to the accounting policies of affiliated enterprises which are consistent with the policies adopted by the Group.

5. When the Group disposes of an associate, if there is a loss of significant influence over the associate, the accounting treatment of all amounts previously recognized in other comprehensive income related to the associate is the same as if the Group directly disposes of the relevant assets or liabilities, that is, if the interests or losses previously recognized as other comprehensive income will be reclassified as profit and loss when disposing of related assets or liabilities, then if there is a loss of significant influence over the associate, the profit or loss will be reclassified as profit or loss from equity. If the Group still has a significant influence on the affiliated enterprise, the amount previously recognized in other comprehensive income shall be transferred out in the above manner only in proportion.

(XVI) <u>Property, plant, and equipment</u>

1. Property, plant and equipment are recorded based on the acquisition cost, and the relevant interest during the acquisition and construction period is capitalized.
2. Subsequent costs are included in the book value of assets or recognized as a separate asset only when the future economic benefits related to the project are likely to flow into the group and the cost of the project can be measured reliably. The book value of the reset part should be derecognised. All other maintenance costs are recognized in current profit or loss when incurred.
3. For property, plant and equipment, the cost model is adopted for the subsequent measurement. Except that land is not depreciated, the depreciation is calculated by the straight-line method according to the estimated service life. If the components of property, plant and equipment are significant, they are separately depreciated.
4. The group reviews the residual value, service life, and depreciation method of each asset at the end of each fiscal year. If the expected value of the residual value or service life is different from the previous estimate, or the expected consumption pattern of the future economic benefits contained in the asset has changed significantly, then from the date of the change, it shall be handled in accordance with the provisions of the International Accounting Standard No. 8 "Accounting Policies, Changes and Errors in Accounting Estimates." The service life of each asset is as follows:

Buildings	20 ~ 40 years
Equipment	2 ~ 10 years
Others	2 ~ 10 years

(XVII) Lessee's lease transaction - Right-of-use assets/lease liabilities

1. Lease assets are recognized as right-of-use assets and lease liabilities on the date they are available for use by the group. When the lease contract is a short-term lease or lease of a low-value target asset, the lease payment shall be recognized as an expense during the lease period by the straight-line method.

2. Lease liabilities are recognized at the present value of the lease payments that have not been paid at the beginning of the lease at the discounted current value of the group's incremental borrowing rate. Lease payments include fixed payments, less any lease incentives receivable.

   Subsequently, the interest method is adopted and measured by the after-amortization cost, and interest expenses are provided during the lease period. When the lease period or lease payment changes but not due to contract modification, the lease liabilities will be reassessed and the right-of-use assets will be re-measured.

3. The right-of-use assets are recognized at cost on the lease start date, and the cost is measured based on the original amount of the lease liability.

   The subsequent measurement is based on the cost model, and the depreciation expense is calculated when the service life of the right-of-use assets expire or the lease term expires, whichever is earlier. When the lease liabilities are reassessed, any re-measurement of the lease liabilities will be adjusted in the right-of-use assets.

(XVIII) Investment property

Investment property is recognized at the acquisition cost, and the cost model is adopted for the subsequent measurement. Except for land, depreciation is made on a straight-line method based on the estimated service life, and the service life is 10 ~ 40 years.

(XIX) Intangible asset

Goodwill is generated by corporate acquisition based on the purchase method.

(XX) Impairment of non-financial assets

1. The group estimates the recoverable amount of assets with signs of impairment on the balance sheet date. When the recoverable amount is lower than its book value, the impairment loss is recognized. The recoverable amount refers to the fair value of an asset minus disposal cost or its right-of-use value, whichever is higher. Except for goodwill, when there is no impairment or reduction in the assets recognized in the previous year, the impairment loss will be reversed, but the book value of the assets increased by the reversal of the impairment loss shall not exceed the book value of the assets if the impairment loss is not recognized after deduction of the depreciation or amortization.

2. The recoverable amount of goodwill is regularly estimated. When the recoverable amount is lower than its book value, the impairment loss is recognized. The impairment loss of goodwill impairment will not be reversed in subsequent years.

3. Goodwill is allocated to cash-generating units for impairment testing. This allocation is based on the identification of the operating departments, and goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the corporate merger that generates goodwill.

(XXI) Borrowings

Refers to short-term borrowings from a bank. The group measures their fair value minus transaction costs at the time of initial recognition, and subsequently, for any difference between the price after deducting transaction costs and the redemption value, the effective interest method is used to recognize interest expenses in profit and loss during the outstanding period according to the amortization procedure.

(XXII) Note payable and accounts payable

1. Refers to debts arising from the purchase of raw materials, commodities, or labor services on credit and notes payable due to business and non-business reasons.
2. For short-term accounts and notes payable that belong to unpaid interest, as the discounting effect is insignificant, the group uses the original invoice amount to measure the value.

(XXIII) Financial liabilities measured at fair value through the income

1. Financial liabilities are designated to be measured at fair value through income at the time of initial recognition. When financial liabilities meet any of the following conditions, the group designates them as measured at fair value through income at the time of initial recognition:
   (1) They belong to a mixed (combined) contract; or
   (2) Inconsistent measurement or recognition can be eliminated or significantly reduced; or
   (3) They are a tool to manage and evaluate the performance on a fair value basis in accordance with a written risk management policy.
2. The group measures their fair value at the time of initial recognition, and the relevant transaction costs are recognized in profit or loss; subsequently, they are measured at fair value, and the profit or loss is recognized in profit or loss.

(XXIV) Derecognition of financial liabilities

The Group will derecognize financial liabilities if the specified contractual obligation has been performed, canceled, or expired.

(XXV) The offset of financial assets and liabilities

When there is a legally enforceable right to offset the recognized amount of financial assets and liabilities, and the intention is to settle on a net basis or to realize assets and settle liabilities at the same time, the financial assets and financial liabilities can offset each other and be expressed in the net amount on the balance sheet.

(XXVI) Non-hedging derivatives and embedded derivatives

Non-hedging derivatives at the time of original recognition are measured at the fair value on the contract signing date, and recognized as financial assets or liabilities measured at fair value through income; subsequently, they are measured at fair value, and the profit or loss is recognized in profit or loss.

(XXVII) Employee welfare

1. Short-term employee benefits

Short-term employee benefits are measured by the non-discounted amount expected to be paid and recognized as expenses when the related services are provided.

2. Pension

(1) Defined allocation plan

For a defined allocation plan, the amount of pension funds to be allocated is recognized as the current pension cost on an accrual basis. Advance allocations are recognized as assets to the extent that cash is refundable or future payments are reduced.

(2) Defined benefit plan

A. The net obligation under a defined benefit plan is calculated by discounting the future benefit amount earned by the employee in the current or past service, and the fair value of the plan asset is deducted from the present value of the defined benefit obligation on the balance sheet date. The net obligation of defined benefits is calculated annually by an actuary using the projected unit benefit method. The discount rate is determined by reference to the market yield of high-quality corporate bonds that are consistent with the currency and period of the defined benefit plan on the balance sheet date; in countries where there is no deep market for high-quality corporate bonds, the market yield of government bonds (on the balance sheet date) is used.

B. The remeasured amount arising from a defined benefit plan is recognized in other comprehensive income in the period in which it occurs and is expressed in retained earnings.

C. The interim pension cost is calculated based on the pension cost rate determined at the end of the previous fiscal year on the basis from the beginning until the end of the current period. If there are major market changes and major reductions, settlements, or other major one-off events after the ending date, adjustments shall be made and relevant information revealed in accordance with the aforementioned policies.

3. Employee remuneration and director’s remuneration

Employee remuneration and director’s remuneration are recognized as expenses and liabilities when they have legal or constructive obligations and the amount can be reasonably estimated. If there is any difference between the actual distribution amount and the estimated amount, it shall be treated as the change of accounting estimate.

(XXVIII) Income tax

1. Income tax expense includes current and deferred income tax. Income tax is recognized in profit or loss, except for income tax related to items included respectively in other comprehensive income or directly included in equity.

2. The group calculates the current income tax based on the tax rate enacted or substantively enacted on the balance sheet date by the country where the group operates and the taxable income is generated. The management assesses the status of income tax returns regularly with respect to the applicable income tax laws and regulations, and, where applicable, assesses income tax liabilities based on the amount of tax expected to be paid to the tax authorities. Undistributed earnings are subject to income tax in accordance with the income tax law, and the income tax expense of undistributed earnings shall be recognized in accordance with the actual distribution of earnings in the year following the year in which the earnings are generated, after the earnings distribution proposal is passed by the shareholders' meeting.
3. Deferred income tax is recognized according to the temporary difference between the tax base of assets and liabilities and their book value in the consolidated balance sheet by using the balance sheet method. Deferred income tax liabilities arising from originally recognized goodwill are not recognized. If the deferred income tax comes from the originally recognized assets or liabilities in a transaction (excluding business merger), and the accounting profit or tax income (tax loss) is not affected at the time of the transaction, then it is not recognized. If there is a temporary difference arising from the investment in subsidiaries and affiliated enterprises, the group can control the reversal time point of the temporary difference, and the temporary difference is likely to not be reversed in the foreseeable future, then it will not be recognized. Deferred income tax is subject to the tax rate (and tax law) that has been enacted or substantively enacted on the balance sheet date and is expected to apply when the relevant deferred income tax assets are realized or the deferred income tax liabilities are settled.
4. Deferred income tax assets are recognized to the extent that the temporary differences are likely to be used to offset future taxable income, and the unrecognized and recognized deferred income tax assets are reassessed on each balance sheet date.
5. The current income tax assets and current income tax liabilities can be offset when there is a legal enforcement right to offset the recognized current income tax assets and liabilities and there is an intention to pay off on a net basis or to realize assets and liabilities at the same time. When there is a legal enforcement right to offset the current income tax assets and current income tax liabilities, and the deferred income tax assets and liabilities are generated by the same taxpayer, or different taxpayers of the same tax authority and each entity intends to pay off the assets and liabilities on a net basis or realize the assets and settle the liabilities at the same time, then the deferred income tax assets and liabilities can be offset against each other.
6. The portion of unused income tax deduction for deferred use generated from the procurement of equipment or technology, R&D spending and investment in equity shall be recognized as deferred income tax assets within the scope of using unused income tax deduction for taxation with a high probability in the future.
7. The interim income tax expense is calculated by applying the estimated annual average effective tax rate to the interim pre-tax, and relevant information is disclosed in accordance with the policies above.

(XXIX) Dividend distribution

Cash dividends distributed to the Company's shareholders are recognized as liabilities in the financial reports when the Company's board of directors resolves a decision to distribute dividends. Stock dividends distributed to the Company's shareholders are recognized as stock dividends to be distributed in the financial reports when the Company's shareholders' meeting resolves a decision to distribute stock dividends, and reclassified to ordinary shares on the record date of the issue of new shares.

(XXX) Revenue recognition

1. The group manufactures and sells 3C related products. Revenue from sales is recognized when the control of the product is transferred to the customer, that is, when the product is delivered to the buyer, the buyer has discretion over the price of the product, and the group has no outstanding performance obligation that may affect the customer's acceptance of the product. When the product is delivered to the designated place, the risk of obsolescence and loss has been transferred to the customer, and the customer accepts the product according to the sales contract, or if there is objective evidence to prove that all acceptance criteria have been met. Accounts receivable are recognized when the goods are delivered to the customer. Since then, the Group has unconditional rights to the contract price, and the consideration can be collected from the customer after a certain period of time.
2. The terms of payment for sale transactions are usually due 30 to 120 days after the date of shipment. Since the time interval between the transfer of the promised goods or services to the customer and the customer's payment does not exceed one year, the Group has not adjusted the transaction price to reflect the time value of the currency.

(XXXI) Government subsidy

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

(XXXII) Business combination

1. The Group accounts for business combinations using the acquisition method. Consideration of business combination is determined based on the fair value of assets transferred, the fair value of liabilities created or borne, and the fair value of equity instruments issued. The amount of consideration includes the fair value of any asset or liability given rise by contingent consideration. Acquisition-related costs are expensed at the time incurred. Identifiable assets acquired and liabilities borne in a business combination are measured at fair value as of the acquisition date. The Group accounts for acquisitions on a transaction-by-transaction basis. Components of non-controlling interests that represent shareholders' current ownership and shareholders' proportional entitlement to a business' net assets in the event of liquidation are measured at fair value or based on the percentage of non-controlling interests relative to the acquirer's net identifiable assets as of the acquisition date; all other components of non-controlling interests are measured at fair value as of the acquisition date.

2. If the sum of consideration, acquiree's non-controlling interests, and fair value of acquiree's equity currently held exceeds the fair value of identifiable assets acquired and liabilities borne from the acquisition, the excess is recognized as goodwill on the acquisition date; if the fair value of identifiable assets acquired and liabilities borne from the acquisition exceeds the sum of consideration, acquiree's non-controlling interests, and fair value of acquiree's equity currently held, the shortfall is recognized through current profit and loss on the acquisition date.

(XXXIII) Operating departments

The information of the Group's operating segments is reported consistently with the internal management reports provided to major operational decision-makers. Major operational decision-makers are responsible for allocating resources to operations and assessing their performance.

V. Major Sources of Uncertainty in Significant Accounting Judgments, Estimates, and Assumptions

When the Group prepares the consolidated financial reports, the management has used its judgment to determine the adopted accounting policies and has made accounting estimates and assumptions based on the reasonable expectations of future events based on the situation on the balance sheet date. Significant accounting estimates and assumptions made may differ from the actual results. Historical experience and other factors will be considered for continuous evaluation and adjustment. These estimates and assumptions contain risk that may result in significant adjustments to the book values of assets and liabilities in the next fiscal year. Please provide a detailed description of the uncertainties of significant accounting judgments, estimates, and assumptions as follows:

(I) Important judgment for accounting policy adoption

Recognition of gross or net income

According to the type of transaction and its economic essence, the Group determines whether the nature of its commitment to customers is the performance obligation of providing specific goods or services by itself (i.e. the Group is the principal), or is the performance obligation of another party providing such goods or services (i.e. the Group is the agent). When the Group controls a particular product or service before transferring it to a customer, the Group acts as the principal and recognizes the total amount of consideration that it is expected to be entitled to receive for the transfer of the particular product or service as income. If the Group does not control the specific product or service before transferring it to customers, the Group acts as an agent to arrange for another party to provide the particular product or service to customers, and any fee or commission that the Group is entitled to receive via this arrangement is recognized as income.

The group determines whether it controls a particular product or service before it is transferred to a customer based on the following indicators:

1. Being responsible for fulfilling the promise of providing a particular product or service.
2. Bearing the inventory risk before transferring the particular product or service to the customer, or bearing the inventory risk after transferring the control.
3. Having the discretion to fix the price of a particular product or service.

(II) Important accounting estimates and assumptions

The accounting estimates made by the Group are based on the reasonable expectation of future events based on the situation as of the balance sheet date. However, the actual results may be different from the estimates. For the risk of significant adjustment to book values of assets and liabilities in the next fiscal year, please refer to the following details:

Inventory evaluation
Since inventory must be priced at the lower of the cost and net realizable value, the Group must use judgment and estimation to determine the net realizable value of inventory on the balance sheet date. Due to rapid changes in technology, the Group assesses the amount of inventory on the balance sheet due to normal wear and tear, obsolescence, or lack of market sales value, and reduces the inventory cost to the net realizable value. This inventory evaluation is mainly based on the estimated product demand in a specific period in the future, so significant changes may occur.

VI. Summary of Significant Accounting Items

(I) Cash and cash equivalents

	September 30, 2021	December 31, 2020	September 30, 2020
Cash on hand and working capital	$ 1,033	$ 5,619	$ 5,902
Checking and demand deposit accounts	5,423,207	6,241,449	5,581,002
Time deposit	1,405,761	1,297,174	1,231,648
	$ 6,830,001	$ 7,544,242	$ 6,818,552

1. The credit quality of the financial institutions with which the Group interacts is good, and the Group interacts with several financial institutions to diversify credit risks. The probability of default is expected to be very low.
2. The bank deposits pledged by the Group as of September 30, 2021, December 31, 2020, and September 30, 2020 are classified as other current assets and other non-current assets. Please refer to Note 8 for details.

(II) Financial assets at FVTPL

Item	September 30, 2021	December 31, 2020	September 30, 2020
Current items:			
Mandatory financial assets measured at fair value through income			
Open-end funds	$ 9,253	$ 50,916	$ 42,074
Foreign exchange forward contracts	8,787	3,334	9,210
	$ 18,040	$ 54,250	$ 51,284
Non-current items:			
Mandatory financial assets measured at fair value through income			
Non-listed, OTC, or emerging stocks	$ 1,902	$ -	$ -

1. For the financial products held by the Group from July 1 to September 30, 2021 and 2020, and from January 1 to September 30, 2021 and 2020, a net gain of NT$12,276, NT$5,148, NT$10,323, and NT$$23,597 were recognized respectively.

2. The transaction and contract information of non-hedging derivative financial assets are explained as follows:

	September 30, 2021		
Derivative financial assets	Contract amount (Nominal principal) (NT$ thousand)		Contract period
Current items:			
Foreign exchange forward contracts	RMB(BUY)	202,855	July 2021 - November 2021
	USD(SELL)	31,000	

	December 31, 2030		
Derivative financial assets	Contract amount (Nominal principal) (NT$ thousand)		Contract period
Current items:			
Foreign exchange forward contracts	RMB(BUY)	72,783	December 2020 - January 2021
	USD(SELL)	11,000	

	September 30, 2020		
Derivative financial assets	Contract amount (Nominal principal) (NT$ thousand)		Contract period
Current items:			
Foreign exchange forward contracts	RMB(BUY)	275,440	September 2020 - November 2020
	USD(SELL)	40,000	

Foreign exchange forward contracts

The foreign exchange forward transactions entered into by the Group are US dollar forward transactions (selling USD to buy RMB) to avoid the exchange rate risk of working capital, but hedge accounting is not applicable.

3. The group has not pledged financial assets measured at fair value through income.

(III) Notes and accounts receivable

Item	September 30, 2021	December 31, 2020	September 30, 2020
Note receivable	$ 40	$ 41	$ 131
Accounts receivable	3,366,878	2,570,432	2,770,265
Less: Allowance for impairment loss	(9,015)	(6,201)	(7,930)
	$ 3,357,903	$ 2,564,272	$ 2,762,466

1. The group does not hold any collateral.

2. The balance of accounts receivable and notes receivable as of September 30, 2021, December 31, 2020, and September 30, 2020 were generated from customer contracts, and the balance of notes receivable and accounts receivable of customer contracts on January 1, 2020 was NT$2,608,592.

3. Without considering the collateral or other credit enhancements held, the maximum amount of exposure that best represents the credit risk of notes and accounts receivable of the Group on September 30, 2021, December 31, 2020, and September 30, 2020 is the book value of each type of notes and accounts receivable.

4. Please refer to note 12(2) for details of relevant credit risk information.

(IV) Inventory

	September 30, 2021		
	Cost	Allowance for valuation losses	Book value
Raw materials	$ 1,611,495	($ 79,444)	$ 1,532,051
Work in process	975,033	(23,596)	951,437
Finished products	1,031,640	(102,852)	928,788
	$ 3,618,168	($ 205,892)	$ 3,412,276

	December 31, 2020		
	Cost	Allowance for valuation losses	Book value
Raw materials	$ 980,033	($ 92,289)	$ 887,744
Work in process	511,455	(10,825)	500,630
Finished products	671,899	(93,077)	578,822
	$ 2,163,387	($ 196,191)	$ 1,967,196

	September 30, 2020		
	Cost	Allowance for valuation losses	Book value
Raw materials	$ 1,292,748	($ 125,314)	$ 1,167,434
Work in process	515,417	(19,228)	496,189
Finished products	534,355	(84,752)	449,603
	$ 2,342,520	($ 229,294)	$ 2,113,226

The cost of inventory recognized as expense losses by the Group in the current period:

	July 1 to September 30, 2021	July 1 to September 30, 2020
Cost of inventory sold	$ 6,157,343	$ 4,658,717
Inventory valuation loss (rebound profit)	16,315	(47,272)
Income from sales of scrap materials	(10,495)	(11,711)
	$ 6,163,163	$ 4,599,734

	January 1 to September 30, 2021	January 1 to September 30, 2020
Cost of inventory sold	$ 15,192,960	$ 13,535,842
Valuation loss (rebound profit) of inventory	(11,524)	76,720
Income from sales of scrap materials	(33,247)	(25,820)
	$ 15,148,189	$ 13,586,742

From January 1 to September 30, 2021 and July 1 to September 30, 2020, the Group's net realizable value of inventories rose due to the elimination of some of the inventories whose net realizable value was lower than the cost.

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

Item	September 30, 2021	December 31, 2020	September 30, 2020
Non-current items:			
Equity instruments			
Listed and OTC stocks	$ 1,406,002	$ 1,166,154	$ 962,361
Non-listed, OTC, or emerging stocks	767,131	1,201,559	1,731,786
Total	$ 2,173,133	$ 2,367,713	$ 2,694,147

1. Please refer to Note 6(17) other equity items for the items the Group recognized in other comprehensive income due to changes in fair value from January 1 to September 30, 2021 and 2020.

2. The Group disposed equity instruments totaling NT$761,284 in fair value in 2021, for which a cumulative gain on disposal of NT$336,187 was reclassified from other equities into unappropriated earnings. As of September 30, 2021, the Group still had NT$521,401 of disposal proceeds that remained uncollected and were presented as other receivables. Please refer to Table 4 in Note 13 for details concerning this transaction.

3. None of the Group's financial assets measured at fair value through other comprehensive income were pledged as of September 30, 2021, December 31, 2020, and September 30, 2020.

(VI) Investment by equity method

	September 30, 2021	December 31, 2020	September 30, 2020
Long Time Tech. Co., Ltd.	$ 763,315	$ 804,554	$ 799,782

1. The Group's investment by the equity method on January 1 to September 30, 2021 and 2020, were evaluated based on financial reports compiled by the affiliated enterprise which were not reviewed by an independent auditor during the same period.

2. The share of operating results of the group's individual non-significant affiliated companies is summarized as follows:

	July 1 to September 30, 2021	July 1 to September 30, 2020
Current net loss of continuing business units	($ 20,963)	($ 3,908)
Total comprehensive income in the current period	($ 20,963)	($ 3,908)
	January 1 to September 30, 2021	January 1 to September 30, 2020
Current net loss of continuing business units	($ 41,239)	($ 38,772)
Total comprehensive income in the current period	($ 41,239)	($ 38,722)

3. The group's subsidiaries Pan Global Holding Co., Ltd. and Tekcon Electronics Corporation hold 22.26% of the equity of Long Time Tech. Co., Ltd. But they do not include Long Time Tech as consolidated entity because they don't acquire the control of the company.

4. Please refer to Note 8 for details on investment by equity method that the Group had placed as collateral for contractual liabilities.

(VII) Property, plant, and equipment

	Land	Buildings	Equipment	Others	Unfinished construction and equipment to be accepted	Total
January 1, 2021						
Cost	$ 24,010	$ 577,238	$ 4,673,728	$ 687,857	$ 28,766	$ 5,991,599
Cumulative depreciation	-	(348,789)	(3,425,163)	(546,963)	-	(4,320,915)
	$ 24,010	$ 228,449	$ 1,248,565	$ 140,894	$ 28,766	$ 1,670,684
2021						
January 1	$ 24,010	$ 228,449	$ 1,248,565	$ 140,894	$ 28,766	$ 1,670,684
Addition	-	11,584	200,672	74,120	135,837	422,213
Acquisition through business combination	-	35,954	69,078	4,936	-	109,968
Disposal	-	(629)	(8,735)	(3,100)	(4,166)	(16,630)
Transfer	-	-	-	2,104	(2,104)	-
Depreciation expenses	-	(13,507)	(194,383)	(30,313)	-	(238,203)
Net exchange difference	(856)	(13,232)	(32,736)	(2,085)	(4,396)	(53,305)
September 30	$ 23,154	$ 248,619	$ 1,282,461	$ 186,556	$ 153,937	$ 1,894,727
September 30, 2021						
Cost	$ 23,154	$ 635,377	$ 4,886,158	$ 758,760	$ 153,937	$ 6,457,386
Cumulative depreciation	-	(386,758)	(3,603,697)	(572,204)	-	(4,562,659)
	$ 23,154	$ 248,619	$ 1,282,461	$ 186,556	$ 153,937	$ 1,894,727

	Land	Buildings	Equipment	Others	Unfinished construction and equipment to be accepted	Total
January 1, 2020						
Cost	$ 24,394	$ 642,881	$ 4,457,094	$ 671,793	$ 104,729	$ 5,900,891
Cumulative depreciation	-	(341,713)	(3,344,344)	(532,306)	-	(4,218,363)
	$ 24,394	$ 301,168	$ 1,112,750	$ 139,487	$ 104,729	$ 1,682,528
2020						
January 1	$ 24,394	$ 301,168	$ 1,112,750	$ 139,487	$ 104,729	$ 1,682,528
Addition	-	13,672	226,701	21,676	31,326	293,375
Disposal	-	-	(30,280)	(1,507)	(7,527)	(39,314)
Transfer	-	(68,191)	96,567	2,500	(103,183)	(72,307)
Depreciation expenses	-	(11,511)	(183,365)	(24,342)	-	(219,218)
Net exchange difference	(581)	(10,798)	(20,161)	(1,537)	(3,203)	(36,280)
September 30	$ 23,813	$ 224,340	$ 1,202,212	$ 136,277	$ 22,142	$ 1,608,784
September 30, 2020						
Cost	$ 23,813	$ 563,654	$ 4,589,570	$ 667,273	$ 22,142	$ 5,866,452
Cumulative depreciation	-	(339,314)	(3,387,358)	(530,996)	-	(4,257,668)
	$ 23,813	$ 224,340	$ 1,202,212	$ 136,277	$ 22,142	$ 1,608,784

1. Please refer to Note 6(26) for detailed explanation on increases in property, plant and equipment following the business combination in the 2nd quarter of 2021.

2. Please refer to Note 8 for details of the Group's pledged property, plant and equipment.

(VIII) Lease transaction - Lessee

1. The underlying assets of the group include land, plants and buildings, and the terms of the lease contracts usually range from 1 to 5 years. The lease contracts are negotiated individually and contain various terms and conditions. There are no other restrictions except that the leased assets may not be used as a loan guarantee.

2. The book value and recognized depreciation expense information of the right-of-use assets are as follows:

	September 30, 2021	December 31, 2020	September 30, 2020
	Book value	Book value	Book value
Land	$ 123,675	$ 73,017	$ 72,764
Houses	177,796	215,162	231,418
	$ 301,471	$ 288,179	$ 304,182

	July 1 to September 30, 2021	July 1 to September 30, 2020
	Depreciation expenses	Depreciation expenses
Land	$ 984	$ 623
Houses	19,352	20,292
	$ 20,336	$ 20,915

	January 1 to September 30, 2021	January 1 to September 30, 2020
	Depreciation expenses	Depreciation expenses
Land	$ 2,347	$ 1,875
Houses	58,040	60,669
	$ 60,387	$ 62,544

3. Increases in right-of-use assets for the periods January 1 to September 30, 2021 and 2020, were reported at NT$79,535 and NT$0, respectively. The NT$79,535 increase in right-of-use assets for the periods January 1 to September 30, 2021 was the result of business combination. Please refer to Note 6(26) for details.

4. The information on profit and loss items related to lease contracts is as follows:

	July 1 to September 30, 2021	July 1 to September 30, 2020
Items affecting current profit and loss		
Interest expenses on lease liabilities	$ 1,342	$ 1,715
Expenses of short-term lease contracts	3,872	5,729

	January 1 to September 30, 2021	January 1 to September 30, 2020
Items affecting current profit and loss		
Interest expenses on lease liabilities	$ 4,200	$ 5,529
Expenses of short-term lease contracts	9,933	14,414

5. The total cash outflow from the leases of the Group for the periods July 1 to September 30, 2021 and 2020, and January 1 to September 30, 2021 and 2020, were NT$22,853, NT$23,581, NT$59,529, and NT$60,257, respectively.

6. Please refer to Note 8 for details of the Group's right-of-use assets pledged as collateral.

(IX) Investment property

	Land		Buildings		Total	
January 1, 2021						
Cost	$	112,596	$	221,048	$	333,644
Cumulative depreciation and impairment		-	(	99,086)	(	99,086)
	$	112,596	$	121,962	$	234,558
2021						
January 1	$	112,596	$	121,962	$	234,558
Depreciation expenses		-	(	4,468)	(	4,468)
Net exchange difference	(	6,058)	(	8,032)	(	14,090)
September 30	$	106,538	$	109,462	$	216,000
September 30, 2021						
Cost	$	106,538	$	210,456	$	316,994
Cumulative depreciation and impairment		-	(	100,994)	(	100,994)
	$	106,538	$	109,462	$	216,000

	Land		Buildings		Total	
January 1, 2020						
Cost	$	92,496	$	153,299	$	245,795
Cumulative depreciation and impairment		-	(	94,774)	(	94,774)
	$	92,496	$	58,525	$	151,021
2020						
January 1	$	92,496	$	58,525	$	151,021
Transfer		23,745		69,735		93,480
Depreciation expenses		-	(	46,25)	(	4,625)
Net exchange difference	(	5,413)	(	691)	(	6,104)
September 30	$	110,828	$	122,944	$	233,772
September 30, 2020						
Cost	$	110,828	$	219,931	$	330,759
Cumulative depreciation and impairment		-	(	96,987)	(	96,987)
	$	110,828	$	122,944	$	233,772

1. Rental income and direct operating expenses of investment property:

	July 1 to September 30, 2021		July 1 to September 30, 2020	
Rental income of investment property	$	6,639	$	8,683
Direct operating expenses of investment property that generate rental income in the current period	$	1,457	$	1,535

	January 1 to September 30, 2021		January 1 to September 30, 2020	
Rental income of investment property	$	29,479	$	25,132
Direct operating expenses of investment property that generate rental income in the current period	$	4,468	$	4,625

2. The fair value of the investment property held by the Group as of September 30, 2021, December 31, 2020, and September 30, 2020 were NT$509,846, NT$522,431, and NT$505,789 respectively, which were obtained from the evaluation of government announcement information, and the results belong to the third level of fair value.

3. Please refer to note 8 for details of the group's pledged investment property.

(X) Intangible assets - Goodwill

	September 30, 2021	December 31, 2020	September 30, 2020
Balance at the beginning of the period	$ 36,963	$ 37,142	$ 37,142
Net exchange difference	(983)	(179)	(771)
Ending balance	$ 35,980	$ 36,963	$ 36,371

The above-mentioned intangible assets - goodwill was mainly generated by the group's merger with East Honest Holdings Limited by the acquisition method in 2012, and the indirect acquisition of its reinvested mainland China subsidiary Honghuasheng Precision Electronics (Yantai) Co., Ltd.

(XI) Short-term borrowings

Nature of the borrowings	September 30, 2021	Interest Rate	Collateral
Bank loans - Credit loans	$ 1,727,367	0.47%-0.65%	None.
Nature of the borrowings	December 31, 2020	Interest Rate	Collateral
Bank loans - Credit loans	$ 1,568,333	0.62%-0.74%	None.
Nature of the borrowings	September 30, 2020	Interest Rate	Collateral
Bank loans - Credit loans	$ 1,309,500	0.5%-1.03%	None.

As of September 30, 2021, the Group had an undrawn limit of NT$5,796,250.

(XII) Other payables

	September 30, 2021	December 31, 2020	September 30, 2020
Salary, bonus, and employee remuneration payable	$ 530,262	$ 433,318	$ 399,177
Consumables payable	62,335	55,533	55,968
Equipment payment payable	61,468	105,069	56,922
Utility fees payable	49,786	42,439	43,605
Repair expenses payable	47,094	96,293	63,380
Others	223,235	$ 173,154	$ 204,530
	$ 974,180	$ 905,806	$ 823,582

(XIII) <u>Pension</u>

1. Measures for defined retirement benefits

(1) The company and Tekcon Electronics Corporation (hereinafter referred to as Tekcon) have in place measures for defined benefit retirement in accordance with the provisions of the Labor Standards Act, which applies to the service years of all regular employees before the implementation of the "Labor Pension Act" on July 1, 2005, and the subsequent service years of employees who choose to continue to apply the Labor Standards Act after the implementation of the "Labor Pension Act." If an employee is eligible for retirement, the pension payment shall be based on the service years and the average monthly salary of the six months before retirement. Two base numbers shall be given for each full year of service within 15 years (inclusive), and one base number shall be given for each full year of service over 15 years, but the cumulative maximum is 45 base numbers. The Company and Tekcon respectively allocate 6% and 2% of the total salary to the retirement fund every month which is deposited with the trust department of the Bank of Taiwan in the name of the Labor Pension Fund Supervisory Committee. In addition, before the end of each year, the Company estimates the balance of the labor retirement reserve account mentioned in the above. If the balance is insufficient to pay the pension amount of the workers who meet the retirement conditions estimated in the next year according to the above calculation, the Company will provide funding to make up of the shortage before the end of March in the following year.

(2) From July 1 to September 30, 2021 and 2020, and from January 1 to September 30, 2021 and 2020, the Group recognized pension costs of NT$606, NT$552, NT$1,763, and NT$1,658, respectively, according to the above-mentioned pension measures.

(3) The Group expected to appropriate $1,747 for payment to the retirement plan in 2022.

2. Measures for defined retirement allocation

(1) Since July 1, 2005, the company and Tekcon have formulated measures for defined retirement allocation in accordance with the "Labor Pension Act" which applies to employees of Taiwan nationality. For employees of the company and Tekcon who choose to apply the labor retirement pension system of the "Labor Pension Act", 6% of their monthly salary is allocated as labor pension to the employee's personal account at the Labor Insurance Bureau. The payment of labor pension shall be based on the balance of the employee's individual pension account and the number of accumulated benefits and shall be paid in the form of monthly pension or lump sum pension payment.

(2) The subsidiaries listed in the consolidated statements do not have their own retirement measures. Pan-International Electronics Inc., P.I.E. Industrial Berhad and its subsidiaries in mainland China shall allocate a certain percentage of their total salary to the mandatory provident fund in accordance with the local government's mandatory regulations, and be deposited in the independent account of each employee, and the pension of each employee is managed and arranged by the government. The companies mentioned above have no further obligations except for the monthly allocation.

(3) From July 1 to September 30, 2021 and 2020, and from January 1 to September 30, 2021 and 2020, the pension costs recognized by the Group in accordance with the pension measures above were NT$33,943, NT$30,950, NT$101,291, and

NT$130,621 respectively.

(XIV) Share capital

As of September 30, 2021, the authorized capital of the Company comprised 600,000,000 shares (including 30,000,000 shares under subscription warrants or subscription rights of convertible bonds); 518,346,282 shares were outstanding with a par value of NT$10 per share.

(XV) Capital surplus

In accordance with the Company Act, the premium from the issuance of shares above par value and the capital reserve from the receipt of gifts may be used to make up for the losses. When the Company has no accumulated loss, new shares or cash shall be issued or paid in proportion to the original shares of the shareholders. In addition, according to the relevant provisions of the Securities and Exchange Act, when the capital reserve above is appropriated to capital, its total amount each year shall not exceed 10% of the paid-in capital. The company shall not use the capital reserve to make up for the capital loss unless the earnings reserve is still insufficient to make up for the capital loss.

(XVI) Retained earnings

1. According to the articles of association of the company, if there is any surplus in the annual final accounts, in addition to paying all taxes according to law, the company shall first make up for the losses of previous years, and then set aside 10% as the legal reserve. If there is still a surplus, it shall be retained or distributed according to the resolution of the shareholders' meeting.
2. The company is in a growth stage at present, and the dividend distribution policy shall be based on the company's current and future investment environment, capital demand, domestic and foreign competition status, capital budget and other factors, while taking into account the shareholders' interests and the company's long-term financial planning. The shareholders' dividend shall be allocated from the cumulative distributable earnings and shall not be less than 15% of the distributable earnings of the current year, and the cash dividend ratio shall not be less than 10% of the total dividend.
3. The legal reserve shall not be used except to make up for the company's losses and issuing new shares or paying cash in proportion to the original number of shares held by the shareholders. However, if new shares or cash are issued, the amount of such reserve shall exceed 25% of the paid-in capital.
4. When the company distributes earnings, it is required by laws and regulations to set aside a special reserve for the debit balance of other equity items on the balance sheet date of the current year before distribution. When the debit balance of other equity items is subsequently reversed, the amount of reversal can be included in the earnings available for distribution.

5. The shareholders resolved to pass distribution of 2020 and 2019 earnings during the meetings held on July 15, 2021 and June 12, 2020; details are as follows:

	2020		2019	
	Amount	Dividend per share (NT$)	Amount	Dividend per share (NT$)
Legal reserve	$ 76,277		$ 102,932	
Special reserve	37,450		429,069	
Cash dividends	336,925	$ 0.65	518,346	$ 1.00
	$ 450,652		$ 1,050,347	

(XVII) Other items of equity

	Financial assets at FVTOCI	Adjustment for currency conversion	Total
January 1, 2021	($ 186,592)	($ 1,163,132)	($ 1,349,724)
Unrealized profit or loss of financial products - Group	570,016	-	570,016
Transfer of valuation adjustment to retained earnings -Group	(373,072)	-	(373,072)
Tax on transfer of valuation adjustment to retained earnings -Group	36,885	-	36,885
Currency conversion difference - Group	-	(235,758)	(235,758)
September 30, 2021	$ 47,237	($ 1,398,890)	($ 1,351,653)

	Financial assets at FVTOCI	Adjustment for currency conversion	Total
January 1, 2020	($ 250,358)	($ 1,061,916)	($ 1,312,274)
Unrealized profit or loss of financial products - Group	137,425	-	137,425
Currency conversion difference - Group	-	(173,565)	(173,565)
September 30, 2020	($ 112,933)	($ 1,235,481)	($ 1,348,414)

(XVIII) Non-controlling interests

	2021	2020
January 1	$ 1,622,505	$ 1,619,122
Share of non-controlling equity:		
Net income for the period	124,446	12,542
Business combination	36,921	-
Conversion difference from the conversion of financial statements of a foreign operation	(109,329)	(78,752)
Cash dividend payment	(61,002)	(63,557)
September 30	$ 1,613,541	$ 1,489,355

(XIX) Operating revenue

	July 1 to September 30, 2021	July 1 to September 30, 2020
Revenue from customer contracts	$ 6,902,497	$ 5,412,622

	January 1 to September 30, 2021	January 1 to September 30, 2020
Revenue from customer contracts	$ 17,027,101	$ 15,061,690

The revenue of the Group is derived from goods and services transferred at a certain time point. Please refer to note 14 for details of revenue.

Contractual liabilities

The contractual liabilities related to the contractual income recognized by the Group are as follows:

	September 30, 2021	December 31, 2020	September 30, 2020	January 1, 2020
Contractual liabilities	$ 693,238	$ 395,622	$ 431,573	$ 263,111

Recognized income of contract liabilities at the beginning of the period:

	July 1 to September 30, 2021	July 1 to September 30, 2020
Opening balance of contract liabilities recognized as income in the current period	$ 6,066	$ 169,777

	January 1 to September 30, 2021	January 1 to September 30, 2020
Opening balance of contract liabilities recognized as income in the current period	$ 57,750	$ 240,429

(XX) Other income

	July 1 to September 30, 2021	July 1 to September 30, 2020
Rental income	$ 8,908	$ 11,604
Dividend income	24,746	10,443
Subsidy income	5,976	7,197
Other income - Other	8,537	10,183
	$ 48,167	$ 39,427

	January 1 to September 30, 2021	January 1 to September 30, 2020
Rental income	$ 36,563	$ 33,125
Dividend income	25,408	11,678
Subsidy income	11,914	17,548
Other income - Other	11,354	50,862
	$ 85,239	$ 113,213

(XXI) Other gains and losses

	July 1 to September 30, 2021	July 1 to September 30, 2020
Net foreign currency conversion gain (loss)	$ 24,843	($ 77,289)
Net gains of financial assets and liabilities measured at fair value through the income	12,276	5,148
Gains (losses) from the disposal of property, plant and equipment	(386)	4,266
Others	(457)	41
	$ 36,276	($ 67,834)

	January 1 to September 30, 2021	January 1 to September 30, 2020
Gain on disposal of investments	$ 14,520	$ -
Net foreign currency conversion gain (loss)	12,265	(16,739)
Net gains of financial assets and liabilities measured at fair value through the	10,323	23,597

income		
Losses from the disposal of property, plant and equipment	(5,225)	(453)
Others	(5,401)	(1,211)
	$ 26,482	$ 5,194

(XXII) Employee benefit, depreciation and amortization expenses

By nature	July 1 to September 30, 2021	July 1 to September 30, 2020
Employee benefits expense		
Salary expenses	$ 672,006	$ 534,109
Labor and national health insurance expenses	17,546	11,999
Pension expenses	34,549	31,502
Other HR expenses	99,851	49,892
	$ 823,952	$ 627,502
Depreciation expenses	$ 104,286	$ 97,613
Amortization expenses	$ 2,406	$ 3,252

By nature	January 1 to September 30, 2021	January 1 to September 30, 2020
Employee benefits expense		
Salary expenses	$ 1,772,458	$ 1,504,515
Labor and national health insurance expenses	53,047	40,808
Pension expenses	103,054	132,279
Other HR expenses	221,381	115,430
	$ 2,149,940	$ 1,793,032
Depreciation expenses	$ 303,058	$ 286,387
Amortization expenses	$ 4,923	$ 9,756

1. According to the articles of association of the company, if the company has any profit in the year (the so-called profit refers to the gains before deducting the distribution of employee remuneration and directors' remuneration), it shall allocate no less than 5% of it as employee remuneration and no more than 0.5% as directors' remuneration, which shall be distributed after the special resolution of the board of directors, and shall be reported to the shareholders' meeting. However, where the Company still has accumulated losses, amount shall be reserved for making up the accumulated loss first.

2. The estimated amounts of the Company's employee remuneration for the periods July 1 to September 30, 2021 and 2020, and January 1 to September 30, 2021 and 2020, were NT$18,104 and NT$18,049, NT$43,853, and NT$28,427, respectively. The remuneration to the Directors was estimated at NT$1,810, NT$2,843, NT$4,385, and NT$2,843, respectively. The aforementioned amount was presented as a salary expense account in the book.

   The period from January 1 to September 30, 2021 is based on the profit status as of the current period. It is estimated according to the proportion specified in the articles of association of the Company.

According to the resolution of the Board of Directors, the amount of employee remuneration and director's remuneration in 2020 were NT$40,144 and NT$4,014 respectively, which will be paid in cash. The employees remuneration and the remuneration of directors recognized in the financial reports for 2020 were NT$40,144 and NT$4,014, respectively, which were consistent with the amounts as resolved by the Board of Directors. As of September 30, 2021, the remunerations to the employees and Directors pending payment amounted to NT$40,144 and NT$2,025 in 2020, as presented as "other payables" in the financial statements.

The above information on the remuneration of employees and directors approved by the Board of Directors of the Company can be obtained on MOPS.

(XXIII) Financial costs

	July 1 to September 30, 2021	July 1 to September 30, 2020
Interest expenses on bank loans	$ 1,771	$ 3,162
Interest expenses on lease liabilities	1,342	1,715
	$ 3,113	$ 4,877
	January 1 to September 30, 2021	January 1 to September 30, 2020
Interest expenses on bank loans	$ 5,177	$ 26,279
Interest expenses on lease liabilities	4,200	5,529
	$ 9,377	$ 31,808

(XXIV) Income tax

1. Income tax expense

(1) Components of income tax expenses:

	July 1 to September 30, 2021	July 1 to September 30, 2020
Income tax for the current period:		
Income tax arising from current income	$ 115,983	$ 136,514
Extra tax on undistributed earnings	15,606	-
Income tax over estimates of previous year	(195)	(824)
Total income of the current period	131,394	135,690
Deferred income tax:		
The original value and reversal of temporary differences	7,605	(10,312)
Income tax expense	$ 138,999	$ 125,378
	January 1 to September 30, 2021	January 1 to September 30, 2020
Income tax for the current period:		
Income tax arising from current income	$ 258,445	$ 277,250
Extra tax on undistributed earnings	15,606	-
Income tax under (over)estimates of previous years	5,665	(26,365)

Total income of the current period	279,716	250,885
Deferred income tax:		
The original value and reversal of temporary differences	12,170	(32,127)
Income tax expense	$ 291,886	$ 218,758

(2) Other comprehensive income related income tax amount:

	July 1 to September 30, 2021	January 1 to September 30, 2021
Changes in fair value of financial assets measured at fair value through other comprehensive income	$ -	$ 36,885

2. The corporate income tax return of the Company has been approved by the tax collection authorities up to 2019.

(XXV) Earnings per share (EPS)

	July 1 to September 30, 2021		
	After-tax amount	The weighted average number of outstanding shares (1000 shares)	Earnings per share (NT$)
Basic earnings per share			
Net income for the period attributable to the common shareholders of the parent company	$ 290,623	$ 518,346	$ 0.56
Diluted earnings per share			
Net income for the period attributable to the common shareholders of the parent company	290,623	518,346	
Effect of potentially dilutive common shares: Employee remuneration	-	1,120	
Net income for the period attributable to the common shareholders of the parent company plus the effect of potential common shares	$ 290,623	$ 519,466	$ 0.56

	July 1 to September 30, 2020		
	After-tax amount	The weighted average number of outstanding shares (1000 shares)	Earnings per share (NT$)
Basic earnings per share			
Net income for the period attributable to the common shareholders of the parent company	$ 294,699	$ 518,346	$ 0.57
Diluted earnings per share			
Net income for the period attributable to the common shareholders of the parent company	294,699	518,346	
Effect of potentially dilutive common shares: Employee remuneration	-	1,638	
Net income for the period attributable to the common shareholders of the parent company plus the effect of potential common shares	$ 294,699	$ 519,984	$ 0.57

January 1 to September 30, 2021

	After-tax amount	The weighted average number of outstanding shares (1000 shares)	Earnings per share (NT$)
Basic earnings per share			
Net income for the period attributable to the common shareholders of the parent company	$ 690,759	$ 518,346	$ 1.33
Diluted earnings per share			
Net income for the period attributable to the common shareholders of the parent company	690,759	518,346	
Effect of potentially dilutive common shares: Employee remuneration	-	1,384	
Net income for the period attributable to the common shareholders of the parent company plus the effect of potential common shares	$ 690,759	$ 519,730	$ 1.33

	January 1 to September 30, 2021		
	After-tax amount	The weighted average number of outstanding shares (1000 shares)	Earnings per share (NT$)
Basic earnings per share			
Net income for the period attributable to the common shareholders of the parent company	$ 468,737	$ 518,346	$ 0.90
Diluted earnings per share			
Net income for the period attributable to the common shareholders of the parent company	468,737	518,346	
Effect of potentially dilutive common shares: Employee remuneration	-	2,800	
Net income for the period attributable to the common shareholders of the parent company plus the effect of potential common shares	$ 468,737	$ 521,146	$ 0.90

(XXVI) Business combination

1. Dongguan Pan-International Precision Electronics Co., Ltd., one of the Company's 2nd-tier subsidiaries, acquired an 80% equity in Wuhu Ruichang Electric System Co., Ltd. (referred to as "Wuhu Ruichang" below) on June 1, 2021 for a sum of RMB 34,054 thousand, and gained controlling interest over Wuhu Ruichang. Business registrations were completed on June 1, 2021, and the new entity has since been included in the consolidated report. Wuhu Ruichang is mainly involved in the manufacturing of wiring harnesses for automobiles. The purpose of the acquisition is to integrate the resources of the two parties, which in turn creates synergy and expands automobile product lines for the Group.

2. Information on the consideration paid for the acquisition of Wuhu Ruichang, the fair value of assets acquired and liabilities assumed on the acquisition date, and the fair value of non-controlling interests on the acquisition date is as follows:

	June 1, 2021
Consideration for acquisition - cash	$ 147,548
Fair value of non-controlling interests	36,921
	$ 184,469
Fair value of identifiable assets acquired and liabilities borne	
Cash	$ 47,544
Accounts receivable	244,038
Inventory	460,705
Other receivables	63,428
Other current assets	15,680
Property, plant, and equipment	109,968
Right-of-use assets	79,535
Other non-current assets	864
Accounts payable	(683,599)
Other payables	(119,136)
Current tax liabilities	(3,359)
Lease liabilities	(22,688)
Other current liabilities	(7,190)
Other non-current liabilities	(1,321)
Total net identifiable assets	184,469
Goodwill	$ -

Consideration for the acquisition was being collected in installments as of September 30, 2021, and the Group is still evaluating the fair value of net realizable assets.

3. The Group has consolidated Wuhu Ruichang since June 1, 2021; Wuhu Ruichang's contributions in terms of operating revenue and profit before tax amounted to NT$648,128 and NT$25,008, respectively. Assuming that Wuhu Ruichang has been consolidated since January 1, 2021, the Group's operating revenues and profit before tax would have been NT$17,636,738 and NT$1,107,833, respectively.

(XXVII) Supplementary information on cash flow

1. Investment activities with only partial cash payment:

	January 1 to September 30, 2021	January 1 to September 30, 2020
Purchase of property, plant and equipment	$ 422,213	$ 293,375
Add: equipment payable at the beginning of the period	105,069	30,733
Less: equipment payable at the end of the period	(61,468)	(56,922)
Effect on foreign currency exchange differences	(806)	(190)
Amount paid in the period	$ 465,008	$ 266,996

2. Fair value information relating to assets and liabilities acquired through business combination:

	January 1 to September 30, 2021
Fair value of net identifiable assets	$ 184,469
Less: fair value of non-controlling interests	(36,921)
Cash paid for business combination	147,548
Less: cash received from business combination	(47,544)
Consolidated net cash outflow from business combination	$ 100,004

(XXVIII) Changes in liabilities from financing activities

	2021		
	Short-term borrowings	Lease liabilities	Total liabilities from financing activities
January 1	$ 1,568,333	$ 220,959	$ 1,789,292
Changes in financing cash flow	206,856	(55,023)	151,833
Effect of exchange rate changes	(47,822)	(2,329)	(50,151)
Change in value of subsidiaries	-	22,688	22,688
Other non-cash changes	-	(2,422)	(2,422)
September 30	$ 1,727,367	$ 183,873	$ 1,911,240

	2020		
	Short-term borrowings	Lease liabilities	Total liabilities from financing activities
January 1	$ 1,573,950	$ 295,287	$ 1,869,237
Changes in financing cash flow	(223,650)	(46,339)	(269,989)
Effect of exchange rate changes	(40,800)	(2,380)	(43,180)
Other non-cash changes	-	(9,722)	(9,722)
September 30	$ 1,309,500	$ 236,846	$ 1,546,346

VII. Related Party Transactions

(I) Related party's name and relationship

Related Party Name	Relationship with the Group
Hon Hai Precision Industry Co., Ltd. and subsidiaries (Hon Hai and subsidiaries)	With significant influence on the group
Sharp Corporation and subsidiaries (Sharp and subsidiaries)	Other related parties
Foxconn Technology Corporation and subsidiaries (FTC and subsidiaries)	Other related parties
General Interface Solution Limited	Other related parties
Cyber TAN Technology, Inc and Subsidiaries	Other related parties
Chery Holding Group and Subsidiaries	Other related parties
Long Time Tech. Co., Ltd.	Affiliates

(II) Major transactions with related parties

1. Operating income

	July 1 to September 30, 2021	July 1 to September 30, 2020
With significant influence on the group		
- Hon Hai and subsidiaries	$ 2,097,763	$ 1,921,784
Other related parties		
- Sharp and subsidiaries	514,267	11,650
- Others	471,540	2,531
	$ 3,083,570	$ 1,935,965

	January 1 to September 30, 2021	January 1 to September 30, 2020
With significant influence on the group		
- Hon Hai and subsidiaries	$ 4,994,759	$ 5,983,557
Other related parties		
- Sharp and subsidiaries	1,755,440	406,085
- Others	613,495	90,547
	$ 7,363,694	$ 6,480,189

The price and loan period were determined by both sides after consultation, except where there is no similar transaction for reference. For the remainders of the Group's sale to abovementioned related parties, the price is similar to the sale price of other general customers. The Group's period of payment for the related parties ranged from 30 to 120 days.

2. Purchase

	July 1 to September 30, 2021	July 1 to September 30, 2020
With significant influence on the group		
- Hon Hai and subsidiaries	$ 574,425	$ 718,734
Other related parties		
- Sharp and subsidiaries	-	(11,001)
- FTC and subsidiaries	467,905	91,468
	$ 1,042,330	$ 799,201

	January 1 to September 30, 2021	January 1 to September 30, 2020
With significant influence on the group		
- Hon Hai and subsidiaries	$ 1,859,665	$ 1,914,259
Other related parties		
- Sharp and subsidiaries	(951)	2,332,003
- FTC and subsidiaries	1,420,062	783,491
	$ 3,278,776	$ 5,029,753

The above amount includes purchase, discount, and sale return. The purchase price and payment term were determined by both sides through consultation. The payment term offered by the Group to related parties ranged from 30 to 90 days on monthly settlement of open account.

3. <u>Receivables from related parties</u>

	September 30, 2021	December 31, 2020	September 30, 2020
Note receivable:			
Other related parties - others	$ 30,563	$ -	$ -
Accounts receivable:			
With significant influence on the group			
- Hon Hai and subsidiaries	2,398,463	2,067,171	2,149,923
Other related parties			
- Sharp and subsidiaries	286,668	567,382	12,061
- Others	238,881	125,497	151,877
	2,954,575	2,760,050	2,313,861
Less: Allowance for impairment loss	(1,506)	(881)	(885)
	$ 2,953,069	$ 2,759,169	$ 2,312,976

The receivables from related parties were mainly from sales and purchases on behalf of the related parties. The payment term for sales to related parties ranged from 30 to 120 days. The receivables are not secured and not interest bearing.

4. <u>Other receivables</u>

	September 30, 2021	December 31, 2020	September 30, 2020
With significant influence on the group			
- Hon Hai and subsidiaries	$ 193	$ 1,332	$ 5,905
Other related parties			
- Sharp and subsidiaries	-	1,684	30,188
	$ 193	$ 3,016	$ 36,093

Other receivables from related parties were mainly receivables of advance payments for related parties and receivable discounts.

5. <u>Accounts payables from related parties</u>

	September 30, 2021	December 31, 2020	September 30, 2020
Accounts payable:			
With significant influence on the group			
- Hon Hai and subsidiaries	$ 992,564	$ 1,113,108	$ 1,052,393
Other related parties			
- FTC and subsidiaries	370,418	241,948	1,059
- Others	-	1,037	638,328
	$ 1,362,982	$ 1,356,093	$ 1,691,780

Accounts payable from related parties mainly comes from purchasing and purchase on behalf of others, and there is no interest attached to the accounts payable.

6. <u>Lease transaction - Lessee</u>

(1) The group leases the plant from the group which has a significant impact on the group. The lease term is 5 years. The rent is paid at the end of each month.

(2) Lease liabilities:

A. Ending balance

	September 30, 2021	December 31, 2020	September 30, 2020
With significant influence on the group	$ 84,957	$ 113,332	$ 120,037

B. Interest expenses

	July 1 to September 30, 2021	July 1 to September 30, 2020
With significant influence on the group	$ 625	$ 863
	January 1 to September 30, 2021	January 1 to September 30, 2020
With significant influence on the group	$ 2,079	$ 2,772

7. Others

In an attempt to expand the current line of automobile products, the Group acquired a 50% equity in Wuhu Ruichang Electric Systems Co., Ltd. in June 2021 from Hon Hai and subsidiaries, a group of companies that has significant influence in the Group. Consideration of this transaction amounted to NT$91,472.

(III) Compensation of key management personnel

	July 1 to September 30, 2021	July 1 to September 30, 2020
Short-term employee benefits	$ 6,905	$ 7,163
Post-employment benefits	60	60
Total	$ 6,965	$ 7,223
	January 1 to September 30, 2021	January 1 to September 30, 2020
Short-term employee benefits	$ 11,517	$ 11,731
Post-employment benefits	180	180
Total	$ 11,697	$ 11,911

VIII. Pledged Assets

The details of the guarantees provided with the group's assets are as follows:

	Book value			
Asset item	September 30, 2021	December 31, 2020	September 30, 2020	Guarantee purpose
Other current assets - Pledge deposit	$ 1,917	$ 720	$ 698	Issuing of letter of credit and customs deposit
Other non-current assets - Pledge deposit	-	1,306	1,282	Customs deposit
Property, plant, and equipment	43,205	10,411	9,949	Guarantee mortgage for bank line overdraft (note)
Investment property	9,423	10,813	10,513	Guarantee mortgage for a bank line
Right-of-use assets	55,967	-	-	Guarantee mortgage for a bank line
Investment by equity method (Long Time Technology)	212,977	-	-	Contractual liabilities
	$ 323,489	$ 23,250	$ 22,442	

Note: As of September 30, 2021, the land, buildings and structures above have been pledged as collateral for the overdraft facilities of financial institutions since 2005. The overdraft had been paid off, but the pledge has not been canceled.

IX. Significant Contingent Liabilities and Unrecognized Commitments

(I) Contingent matters

The group has no contingent liabilities for material legal claims arising from daily business activities.

(II) Commitments

None.

X. Major Disaster Losses

None.

XI. Significant Subsequent Events

None.

XII. Others

(I) The Group has adopted relevant measures in response to the outbreak of COVID-19. The spread of disease did not have a material impact on the Group's operations and business performance in the 3rd quarter of 2021.

(II) Capital management

The Group's capital management objectives are to ensure the Group's sustained operation, maintain the optimal capital structure, reduce the cost of capital, and provide returns to shareholders. In order to maintain or adjust the capital structure, the group may adjust the number of dividends paid to shareholders, issue new shares, or sell assets to reduce liabilities. To monitor its capital, the group uses the net debt ratio which is calculated by dividing net debt by total net worth. Net debt is calculated as total borrowings (including the "current and non-current borrowings" reported in the consolidated balance sheet) less cash and cash equivalents. The total net value is calculated as "equity" as shown in the consolidated balance sheet less total intangible assets.

The group's strategy for 2021 is the same as that in 2020, both of which are committed to maintaining the net debt ratio below 70%.

(III) Financial instrument

1. Types of financial instruments

The book values of the financial assets measured at amortized cost as classified by the Group as per IFRS 9 (including cash and cash equivalents, notes receivable, accounts receivables (including related parties), and other receivables) as of September 30, 2021, December 31, 2020, and September 30, 2020 were NT$13,865,656, NT$12,986,273, and NT$11,979,701, respectively. The book values of financial liabilities measured at amortized cost as classified by the Group (including short-term borrowings, notes payable, accounts payable (including related parties), and other payables) were NT$8,085,630, NT$6,644,047, and NT$6,566,627, respectively. In addition, the book values of lease liabilities as of September 30, 2021, December 31, 2020, and September 30, 2020 were NT$183,873, NT$220,959, and NT$236,846, respectively. Please refer to notes 6(2) and (5) for the book values of financial assets/liabilities measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income.

2. Risk management Policy

(1) Types of risks

The group adopts a comprehensive financial risk management and control system to clearly identify, measure and control various financial risks of the group, including market risk (including exchange rate risk, interest rate risk and price risk), credit risk, and liquidity risk.

(2) Management objectives

A. All the risks above can be eliminated by internal control or operation process, except that market risk is controlled by external factors. Therefore, each risk can be reduced to zero through management.

B. In terms of market risk, the objective is to optimize the overall position through rigorous analysis, proposal, implementation and process, with due consideration of the overall external trend, internal operating conditions and the actual impact of market fluctuations.

C. The group's overall risk management policy focuses on the unpredictability of the financial market and seeks to reduce potential adverse effects on the group's financial position and financial performance.

(3) Management system

A. Risk management shall be carried out by the Finance Department of the group in accordance with the policies approved by the board of directors. It is responsible for identifying, assessing and avoiding financial risks through close cooperation with group operating units.

B. The board of directors has written principles for overall risk management, and also provides written policies for specific areas and matters, such as exchange rate risk, interest rate risk, credit risk, use of derivatives and non-derivative financial instruments, and investment of surplus working capital.

3. Nature and extent of significant financial risks

(1) Market risk

<u>Exchange rate risk</u>

A. Nature: The group is a multinational electronic OEM company, and most of the exchange rate risks in its business activities come from:

a. As the posting times of non-functional foreign currency accounts receivable and accounts payable are different, the exchange rate of the functional currency is different, thus resulting in an exchange rate risk. Because the amount of assets and liabilities after offsetting is not large, the amount of profit or loss is not large. (Note: The group has offices in many countries around the world, so there is an exchange rate risk in a variety of different currencies, but the main ones are the US dollar, RMB, and Malaysian ringgit.)

b. In addition to the commercial transactions (business activities) on the above-mentioned income, the assets and liabilities recognized on the balance sheet, and the net investment in foreign operations also have exchange rate risks.

B. Management

a. For such risks, the group has established a policy that requires companies within the group to manage the exchange rate risk relative to their functional currencies.

b. The exchange rate risk of each functional currency against the reporting currency of the consolidated statements is managed by the group's finance office.

C. Extent

The group's business involves a number of non-functional currencies (New Taiwan dollar is the functional currency of the company and some subsidiaries, and RMB and Malaysian ringgit are the functional currencies of some subsidiaries). Therefore, the group is affected by exchange rate fluctuations. The information on foreign currency assets and liabilities with significant exchange rate fluctuations is as follows:

	September 30, 2021				
				Sensitivity analysis	
	Foreign currency (thousand)	Exchange rate	Book value (NT$)	Range of change	Impact on profit and loss
(foreign currency: functional foreign currency)					
Financial assets					
Monetary item					
USD: NTD	$ 150,847	27.85	$4,201,089	1%	$ 42,011
USD: RMB	86,365	6.4854	2,413,185	1%	24,132
USD: MYR	64,797	4.1876	1,804,596	1%	18,046
Foreign operations					
USD: NTD	333,858	27.85	9,297,946		
Financial liabilities					
Monetary item					
USD: NTD	135,535	27.85	3,774,650	1%	37,747
USD: MYR	56,357	4.1876	1,569,542	1%	15,695
USD: RMB	17,091	6.4854	477,552	1%	4,776

	December 31, 2020				
				Sensitivity analysis	
	Foreign currency (thousand)	Exchange rate	Book value (NT$)	Range of change	Impact on profit and loss
(foreign currency: functional foreign currency)					
Financial assets					
Monetary item					
USD: NTD	$ 125,768	28.48	$ 3,581,873	1%	$ 35,819
USD: RMB	52,794	6.5249	1,500,053	1%	15,001
USD: MYR	50,365	4.0290	1,434,395	1%	14,344
Foreign operations					
USD: NTD	313,825	28.48	8,937,740		
Financial liabilities					
Monetary item					
USD: NTD	134,057	28.48	3,817,943	1%	38,179
USD: MYR	30,972	4.0290	882,083	1%	8,821
USD: RMB	39,476	6.5249	1,121,645	1%	11,216

	September 30, 2020				
				Sensitivity analysis	
	Foreign currency (thousand)	Exchange rate	Book value (NT$)	Range of change	Impact on profit and loss
(foreign currency: functional foreign currency)					
Financial assets					
Monetary item					
USD: NTD	$ 109,039	29.10	$ 3,173,035	1%	$ 31,730
USD: RMB	78,135	6.8101	2,273,109	1%	22,731
USD: MYR	61,681	4.1580	1,794,917	1%	17,949
Foreign operations					
USD: NTD	391,026	29.10	9,283,646		

Financial liabilities					
Monetary item					
USD: NTD	115,142	29.10	3,350,632	1%	33,506
USD: MYR	41,119	4.1580	1,196,563	1%	11,966
USD: RMB	13,181	6.8101	383,463	1%	3,835

D. Nature

The total amount of exchange gains and losses (including realized and unrealized) recognized on monetary accounts due to exchange rate fluctuations from July 1 to September 30, 2021 and 2020, and from January 1 to September 30, 2021 and 2020, were NT$24,843 (gain), NT$77,289 (loss), NT$12,265 (gain), and NT$16,739 (loss), respectively.

Price risk

A. The group’s equity instruments exposed to price risk are financial assets measured at fair value through other comprehensive income and equity investments available for sale. In order to manage the price risk of equity instrument investment, the group diversifies its portfolio in accordance with the limits set by the group.

B. The group mainly invests in equity instruments issued by domestic and foreign companies. The prices of these equity instruments will be affected by the uncertainty of the future values of the investment objects. If the prices of these equity instruments rose or fell by 1%, with all other factors remain unchanged, the impact on other comprehensive income of equity investment classified measured at fair value through other comprehensive income would increase or decrease by NT$21,731 and NT$26,941, respectively, for the periods January 1 to September 30, 2021 and 2020.

Cash flow and fair value interest rate risk

The interest rate risk of the group comes from short-term borrowings. Borrowings at fixed interest rates expose the group to an interest rate risk at fair value, but after assessment, the group has no significant interest rate risk.

(2) Credit risk

A. The credit risk of the group is the risk of financial loss due to the failure of customers or counterparties of financial instrument transactions to fulfill their contractual obligations, which mainly comes from the inability of the counterparties to repay the accounts receivable in accordance with the collection conditions, and the contractual cash flow classified as debt instrument investment measured at after-amortization cost.

B. In accordance with the internal credit policy, management and credit risk analysis shall be carried out on each operating entity within the group and each new customer before proposing terms and conditions for payment and delivery. Internal risk control is to evaluate the credit quality of customers by considering their financial status, past experience, and other factors. The limits of individual risks are determined by the board of directors based on internal or external ratings, and the use of credit lines is regularly monitored.

C. The basis for the group to judge whether the credit risk of financial instruments has increased significantly since the original recognition is as follows:

(A) When the contract payment is overdue for more than 60 days according to the agreed payment terms, it is deemed that the credit risk of the financial asset has increased significantly since the original recognition.

(B) If a bond investment traded on the OTC market is rated as investment-grade by any external rating agency on the balance sheet date, the financial asset is considered to have a low credit risk.

D. When the investment target with an independent credit rating is adjusted downward by two levels, the group judges that the credit risk of the investment subject has increased significantly.

E. If the contract amount is overdue for more than 90 days under the conditions of payment, the Group shall deem it a breach of contract.

F. The group classifies notes receivable and accounts receivable of customers according to the characteristics of customer rating, and estimates the expected credit loss based on the loss rate method.

G. The indicators used by the group to determine the credit impairment of debt instrument investment are as follows:

(A) The issuer encounters major financial difficulties, or the possibility of going into bankruptcy or other financial restructuring is greatly increased;
(B) The issuer makes the active market of the financial asset disappear due to its financial difficulties;
(C) The issuer delays or fails to pay the interest or principal;
(D) Adverse changes in national or regional economic conditions leading to issuer default.

H. The aging analysis of notes receivable and accounts receivable (including those of related parties) is as follows:

	September 30, 2021	December 31, 2020	September 30, 2020
Not Past Due	$ 6,301,093	$ 5,303,552	$ 5,051,240
Less than 90 days	14,096	20,552	29,481
91 ~ 180 days	302	257	1,167
More than 181 days	6,002	6,162	2,369
	$ 6,321,493	$ 5,330,523	$ 5,084,257

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

I. Other receivables (including those of related parties)

Other receivables of the Group are mainly tax refund receivable and payment receivable. There is no material concern regarding non-performance or repayment. Therefore, the allowance for loss is measured based on the 12-month expected credit loss. The allowance for loss recognized by the Group on September 30, 2021, December 31, 2020, and September 30, 2020 all amounted to NT$0.

J. The Group classifies the accounts receivable of customers according to the characteristics of credit rating standards, and for future-looking considerations, the Group adjusts the loss rate established according to the historical and current information of a specific period to estimate the allowance loss of notes receivable and accounts receivable. Loss rate methods as of September 30, 2021, December 31, 2020, and September 30, 2020 are as follows:

	Group 1	Group 2	Group 3	Group 4	Total
September 30, 2021					
Expected loss rate	0.04%	0.04%	0.09%	0.1%~100%	
Total Book value	$ 5,901,553	$ 407,803	$ -	$ 12,137	$ 6,321,493
Allowance for loss	$ 2,362	$ 163	$ -	$ 7,996	$ 10,521

	Group 1	Group 2	Group 3	Group 4	Total
December 31, 2020					
Expected loss rate	0.04%	0.04%	0.09%	0.1%~100%	
Total Book value	$4,882,814	$ 425,661	$ -	$ 22,048	$ 5,330,523
Allowance for loss	$ 1,953	$ 170	$ -	$ 4,959	$ 7,082

	Group 1	Group 2	Group 3	Group 4	Total
September 30, 2020					
Expected loss rate	0.04%	0.04%	0.09%	0.1%~100%	
Total Book value	$ 3,991,511	$ 1,076,547	$ -	$ 16,199	$ 5,084,257
Allowance for loss	$ 1,597	$ 431	$ -	$ 6,787	$ 8,815

Group 1: Rated A by Standard & Poor’s, Fitch or Moody’s, or no external agency rating, and rated A according to the group’s credit standards.

Group 2: Rated BBB by Standard & Poor’s or Fitch, or Baa by Moody’s, or no external agency rating, and rated B or C according to the group’s credit standards.

Group 3: Rated BB+ or below by Standard & Poor’s or Fitch, or Ba1 or below by Moody’s.

Group 4: No external agency rating, and non-A, B, or C rated customers according to the group’s credit standards.

K. The simplified statement of changes in the allowance for loss of accounts receivable and other receivables (including those of related parties) of the group is as follows:

	2021	2020
January 1	$ 7,082	$ 4,720
Recognition of impairment loss	2,566	16,931
Write-off	-	(12,644)
Effect of first-time consolidation of subsidiary	752	-
Effect on foreign currency exchange differences	121	(192)
September 30	$ 10,521	$ 8,815

L. All the Group’s debt instrument investments measured at after-amortization cost as of September 30, 2021, December 31, 2020, and September 30, 2020 had a low credit risk. Therefore, the book value is measured according to the expected credit loss in 12 months after the balance sheet date.

(3) Liquidity risk

A. the cash flow forecast is carried out by each operating entity within the group and summarized by the group's finance department. The group's finance department monitors the forecast of the group's liquidity funds demand to ensure that it has sufficient funds to meet operational needs, and maintains sufficient unspent loan commitments at all times so that the group will not exceed the relevant borrowing limits or violate the terms. These forecasts take into account the group's debt financing plan, compliance with debt terms, and compliance with the financial ratios in the internal balance sheet and external regulatory requirements, such as foreign exchange control.

B. When the remaining cash held by the group exceeds the requirement for the management of working capital, the finance department will invest the remaining funds in interest-bearing demand deposits, time deposits, money market deposits and securities, and the instruments selected to have appropriate maturities or sufficient liquidity to meet the forecast above and provide sufficient liquidity, and it is expected that cash flow will be generated immediately for the management of liquidity risk.

C. The following table shows the grouping of the group's non-derivative financial liabilities according to their maturity dates. The non-derivative financial liabilities are analyzed according to the remaining period from the balance sheet date to the contract maturity date. The amount of contractual cash flow disclosed in the table below is the undiscounted amount.

September 30, 2021	Less than 1 year	1 ~ 2 years	2 ~ 5 years	Total
Non-derivative financial liabilities:				
Lease liabilities	$ 82,610	$ 82,779	$ 24,532	$ 189,921
December 31, 2020				
Non-derivative financial liabilities:				
Lease liabilities	$ 78,281	$ 74,930	$ 77,214	$ 230,425
September 30, 2020				
Non-derivative financial liabilities:				
Lease liabilities	$ 80,083	$ 73,439	$ 94,191	$ 247,713

In addition to the above, the group's non-derivative financial liabilities are all due within the next year.

(IV) Fair value information

1. The levels of evaluation techniques used to measure the fair value of financial and non-financial instruments are defined as follows:

Level 1: The quoted price (unadjusted) is available to the enterprise in an active market for the same assets or liabilities on the measurement date. An active market refers to a market in which assets or liabilities are traded in sufficient frequency and quantity to provide pricing information on an ongoing basis. The fair value of the listed and OTC stocks and beneficiary certificates invested by the group belongs to this level.

Level 2: The input value of assets or liabilities are directly or indirectly observable, except those in Level 1. The fair value of the derivative instruments invested by the group belongs to this level.

Level 3: The input value of assets or liabilities are unobservable. The equity instruments invested by the group without an active market belong to this level.

2. Financial instruments not measured at fair value

The book values of the Group's financial instruments not measured at fair value (including cash and cash equivalents, notes receivable, accounts receivable, other receivables, other current assets, notes payable, accounts payable, other payable, lease liabilities, and other current liabilities) are reasonable approximations of their fair values.

3. For the group's financial and non-financial instruments measured at fair value, the group classifies them according to the nature, characteristics, risk, and fair value level of the assets and liabilities. The relevant information is as follows:

(1) The information about the group's classification of its assets and liabilities by their nature is as follows:

September 30, 2021	Level 1	Level 2	Level 3	Total
Financial assets:				
Repetitive fair value				
Financial assets at FVTPL				
-Open-end funds	$ 9,253	$ -	$ -	$ 9,253
-Foreign exchange forward contracts	-	8,787	-	8,787
- Equity securities	-	-	1,902	1,902
	$ 9,253	$ 8,787	$ 1,902	$ 19,942
Financial assets at FVTOCI				
- Equity securities	$ 1,406,002	$ -	$ 767,131	$ 2,173,133

December 31, 2020	Level 1	Level 2	Level 3	Total
Financial assets:				
Repetitive fair value				
Financial assets at FVTPL				
-Open-end funds	$ 50,916	$ -	$ -	$ 50,916
-Foreign exchange forward contracts	-	3,334	-	3,334
	$ 50,916	$ 3,334	$ -	$ 54,250
Financial assets at FVTOCI				
- Equity securities	$ 1,166,154	$ -	$ 1,201,559	$ 2,367,713

September 30, 2020	Level 1	Level 2	Level 3	Total
Financial assets:				
Repetitive fair value				

Financial assets at FVTPL				
-Open-end funds	$ 42,074	$ -	$ -	$ 42,074
-Foreign exchange forward contracts	-	9,210	-	9,210
	$ 42,074	$ 9,210	$ -	$ 51,284
Financial assets at FVTOCI				
- Equity securities	$ 962,361	$ -	$ 1,731,786	$ 2,694,147

(2) The methods and assumptions used by the group to measure fair value are as follows:

A. If the group adopts a market quotation as the input value of fair value (i.e. level 1), the instruments classified by their characteristics are as follows:

	Listed and OTC stocks	Open-end funds
Market quotation	Closing price	Net value

B. Except for the above-mentioned financial instruments with active markets, the fair values of other financial instruments are obtained through evaluation techniques or reference to the quotations of counterparties. The fair value obtained through the evaluation techniques can be calculated by referring to the current fair value of other financial instruments with similar conditions and characteristics, or the value can be obtained through other evaluation techniques, including using models to calculate market information available on the consolidated balance sheet date.

C. When evaluating non-standardized and less complex financial instruments, such as debt instruments and options without an active market, the group adopts the evaluation techniques widely used by market participants. The parameters used in the evaluation model of such financial instruments are usually market observable information.

D. The evaluation of derivative financial instruments is based on evaluation models widely accepted by market users, such as the discount method and the option pricing model. Foreign exchange forward contracts are usually evaluated according to the current forward exchange rate. Structured interest rate derivative financial instruments are based on the appropriate option pricing model (such as the Black-Scholes model) or other evaluation methods, such as Monte Carlo simulation.

E. The output of the evaluation model is the estimated value, and the evaluation technique may not reflect all the factors related to the group's holding of financial instruments and non-financial instruments. Therefore, the estimated value of the evaluation model will be adjusted according to additional parameters, such as model risk or liquidity risk. According to the Group's fair value evaluation model management policies and related control procedures, the management believes that the evaluation adjustment is appropriate and necessary to properly express the fair value of financial instruments and non-financial instruments in the consolidated balance sheet. The price information and parameters used in the evaluation process have been carefully evaluated and appropriately adjusted according to current market conditions.

4. There was no transfer between levels 1 and 2 between January 1 to September 30, 2021 and 2020.

5. The following table shows the changes in level 3 from January 1 to September 30, 2021 and 2020:

	Equity securities 2021		Equity securities 2020	
January 1	$	1,201,559	$	1,751,723
Acquired this period		1,902		-
Amounts sold of current period	(	761,284)		-
Profit recognized in other comprehensive income		346,005		30,102
The refund of cost and share payment from investee	(	173)		-
Effect on foreign currency exchange differences	(	18,976)	(	50,039)
September 30	$	769,033	$	1,731,786

6. For the fair value of level 3 instruments of the group, the investment management department is responsible for the independent verification of the fair value of such financial instruments in the evaluation process. The evaluation results are close to the market status through independent sources of information, and the data sources are independent, reliable, consistent with other resources, and represent executable prices. The evaluation model is calibrated regularly, backtracked, and updated for the input values and information required by the evaluation model, and any other necessary fair value adjustments are made to ensure that the evaluation results are reasonable.

   In addition, the investment management department formulates the fair value evaluation policies, evaluation procedures, and confirmation of financial instruments in accordance with the relevant international financial reporting standards.

7. The quantitative information about the significant unobservable input value of the evaluation model used for level 3 fair value measurement and the sensitivity analysis of the significant unobservable input value changes are as follows:

	Fair value on September 30, 2021	Evaluation techniques	Significant unobservable input value	Range (weighted average)	Relationship between input value and fair value
Non-derivative equity instruments:					
Non-listed and non-OTC stocks	$ 676,689	Net asset value method	Lack of market liquidity discount	24%	The higher the market liquidity discount, the lower the fair value.
Non-listed and non-OTC stocks	92,344	Comparable public company approach	Price–to-book ratio	1.72	The higher the multiplier, the higher the fair value.
			Lack of market liquidity discount	20%	The higher the market liquidity discount, the lower the fair value.

	Fair value on December 31, 2020	Evaluation techniques	Significant unobservable input value	Range (weighted average)	Relationship between input value and fair value
Non-derivative equity instruments:					
Non-listed and non-OTC stocks	$ 1,134,447	Net asset value method	Lack of market liquidity discount	24%	The higher the market liquidity discount, the lower the fair value.
Non-listed and non-OTC stocks	67,112	Comparable public company approach	Price–to-book ratio	1.72	The higher the multiplier, the higher the fair value.
			Lack of market	20%	The higher the

	Fair value on September 30, 2020	Evaluation techniques	Significant unobservable input value	Range (weighted average)	Relationship between input value and fair value
			liquidity discount		market liquidity discount, the lower the fair value.
Non-derivative equity instruments:					
Non-listed and non-OTC stocks	$ 1,659,532	Net asset value method	Lack of market liquidity discount	22%	The higher the market liquidity discount, the lower the fair value.
Non-listed and non-OTC stocks	72,254	Comparable public company approach	Price–to-book ratio	1.37	The higher the multiplier, the higher the fair value.
			Lack of market liquidity discount	20%	The higher the market liquidity discount, the lower the fair value.

8. The group carefully selects the evaluation model and evaluation parameters; however, different evaluation models or parameters may lead to different evaluation results. For financial assets and financial liabilities classified as level 3, if the evaluation parameters change, the impact on current profit and loss or other comprehensive income is as follows:

Financial assets	Period	Input value	Change	Recognized in other comprehensive income: Favorable change	Recognized in other comprehensive income: Unfavorable change
Equity instruments	September 30, 2021	Lack of market liquidity discount	±1%	$ 3,263	($ 3,263)
Equity instruments	September 30, 2021	Price–to-book ratio	±1%	$ 523	($ 532)

Financial assets	Period	Input value	Change	Recognized in other comprehensive income: Favorable change	Recognized in other comprehensive income: Unfavorable change
Equity instruments	December 31, 2020	Lack of market liquidity discount	±1%	$ 3,668	($ 3,668)
Equity instruments	December 31, 2020	Price–to-book ratio	±1%	$ 527	($ 527)

Financial assets	Period	Input value	Change	Recognized in other comprehensive income: Favorable change	Recognized in other comprehensive income: Unfavorable change
Equity instruments	September 30, 2020	Lack of market liquidity discount	±1%	$ 4,825	($ 4,825)
Equity instruments	September 30, 2020	Price–to-book ratio	±1%	$ 526	($ 526)

XIII. Additional Disclosures

(I) Information about significant transactions

1. Loans to others: Please refer to Table 1.
2. Endorsements/guarantees provided: Please refer to Table 2.
3. Marketable securities held at the end of the period (excluding investment in subsidiaries, affiliated enterprises and jointly controlled entities): Please refer to Table 3.
4. The cumulative amount of buying or selling the same securities reaches NT$300 million or more, or 20% of the paid-in capital: Please refer to Table 4.

5. The cumulative amount of property purchase reaches NT$300 million or more, or 20% of the paid-in capital: The company and the investee companies do not have this situation.

6. The cumulative amount of property disposal reaches NT$300 million or more, or 20% of the paid-in capital: The company and the investee companies do not have this situation.

7. Total purchases from or sales to related parties amounting reaches NT$100 million or more, or 20% of the paid-in capital: Please refer to Table 5.

8. Total accounts receivable from related parties amounting reaches NT$100 million or more, or 20% of the paid-in capital: Please refer to Table 6.

9. Engagement in derivatives trading: Please refer to note 6(2).

10. Significant Inter-company Transactions during the Reporting Period: Please refer to Table 7.

(II) Information about investees

The name and location of the investee company and other relevant information (excluding mainland China investee companies): Please refer to Table 8.

(III) Information on investments in mainland China

1. Basic information: Please refer to Table 9.

2. Major transactions directly with investee companies in mainland China or indirectly through enterprises in a third region: Please refer to Tables 5, 6, and 7.

(IV) Information on major shareholders

Information of major shareholders: Please refer to Table 10.

XIV. Operating Departments Information

(I) General information

The main businesses of the Group are the development, manufacturing and sales of electronic components such as electronic signal cables, connectors, electronic signal cables with connectors, printed circuit boards and precision molds, and computer peripheral products. The operation decision-makers also operate various businesses from the perspective of product categories and develop businesses according to different market attributes and demands. At present, the Group is mainly divided into the "Electronic Components Segment" and "Consumer Electronics and Computer Peripherals Segment," which are also the segments to be reported.

The information of each operating segments is compiled in accordance with the accounting policies of the Group. The main operational decision-makers of the group mainly use the income and pre-tax profit and loss of each operating department as indicators for performance evaluation and resource allocation.

(II) Segments Information

Information on the reportable departments as provided to major operational decision-makers is as follows:

July 1 to September 30, 2021	Electronic Components	Consumer Electronics and Computer Peripherals	Total
Segment Revenue	$ 3,742,920	$ 3,159,577	$ 6,902,497
Segment profit and loss	$ 351,523	$ 130,984	$ 482,507

July 1 to September 30, 2020	Electronic Components	Consumer Electronics and Computer Peripherals	Total
Segment Revenue	$ 2,891,268	$ 2,521,354	$ 5,412,622
Segment profit and loss	$ 302,452	$ 159,364	$ 461,816

January 1 to September 30, 2021	Electronic Components	Consumer Electronics and Computer Peripherals	Total
Segment Revenue	$ 9,030,899	$ 7,996,202	$ 17,027,101
Segment profit and loss	$ 754,680	$ 637,178	$ 1,391,858

January 1 to September 30, 2020	Electronic Components	Consumer Electronics and Computer Peripherals	Total
Segment Revenue	$ 9,918,715	$ 5,142,975	$ 15,061,690
Segment profit and loss	$ 571,878	$ 163,869	$ 735,747

Note: Since the measured amount of the assets of the operating department is not provided to the operation decision-maker, the measured amount of the assets should be disclosed as zero.

(III) Information on the adjustment to the income and profit and loss of the segments to be reported

Since the income of the segments to be reported is the income of the enterprise, there is no need to adjust it. In addition, the adjustments to the profit and loss of the segments to be reported and to the pre-tax profit and loss of continuing operating departments are as follows:

Income	July 1 to September 30, 2021	July 1 to September 30, 2020
Profit and loss of the segments to be reported	$ 482,507	$ 461,816
Other profit and loss	(6,425)	(1,317)
Pre-tax profit and loss of continuing operating departments	$ 476,082	$ 460,499

Income	January 1 to September 30, 2021	January 1 to September 30, 2020
Profit and loss of the segments to be reported	$ 1,391,858	$ 735,747
Other profit and loss	(284,767)	(35,710)
Pre-tax profit and loss of continuing operation segments	$ 1,107,091	$ 700,037

Pan-International Industrial Corp. and Subsidiaries
Loans to others
January 1 to September 30, 2021

Table 1

Unit: NTD thousand
(unless otherwise noted)

Serial No. (note 1)	Loan extending company	Borrower	Dealing items (note 2)	Whether a related party	Maximum amount of the period (note 3)	Ending balance (note 8)	Transaction Amounts	Interest Rate	Loan nature (note 4)	Business Transaction Amounts (note 5)	Reason for short-term financing (note 6)	Provision for allowance for loss for bad debt	Collateral Name	Collateral Value	Loans and limits for individual entities (note 7)	Total loan limit (note 7)	Remarks
0	Pan-International Industrial Corp.	PAN GLOBAL HOLDING CO.,LTD	Other receivables - related parties	Yes	$ 313,940	$ -	$ -	NA	Short-term financing	$ -	Operating turnover	$ -	None.	$ -	$ 1,185,452	$ 4,741,809	
1	Dongguan Pan-International Precision Electronics Co., Ltd.	Wuhu Ruichang Electric Systems Co., Ltd.	Other receivables - related parties	Yes	86,254	86,168	86,168-	4.00%	Short-term financing	-	Operating turnover	$ -	None.	-	417,437	417,737	

Note 1: The explanation of the number column is as follows:
(1) Fill in 0 for the issuer.
(2) Investee companies are numbered in sequence in each company type starting numerically from 1.

Note 2: This field is to be filled in with accounts receivable from affiliated enterprises, receivables from related parties, transactions with shareholders, prepayments, provisional payments, etc. if nature is a loan to others.

Note 3: The maximum balance of loans to others in the current year.

Note 4: The loan nature of the fund shall be filled in if it is a business transaction or if there is a need for short-term financing.

Note 5: Where the nature of the loan is a business transaction, the amount of the business transaction shall be filled in. The business transaction amount refers to the number of business transactions between the lending company and the borrowing object in the most recent year.

Note 6: If the nature of the loan is necessary for short-term financing, the reason for the loan and the purpose of the loan borrower shall be specified, such as loan repayment, purchase of equipment, business turnover, etc.

Note 7: Loans to external parties are capped at 40% of the Company's net worth overall and 10% of the Company's net worth per borrower.
Loans to external parties by Dongguan Pan-International Precision Electronics Co., Ltd. are capped at 40% of its net worth overall and 40% of its net worth per borrower.

Note 8: If a public company submits its lending to the board of directors' meeting for resolution one by one in accordance with paragraph 1, Article 14 of the Regulations Governing Loaning of Funds and Making of Endorsements/ Guarantees by Public Companies, the amount of the resolution of the board of directors' meeting shall be included in the announced balance to disclose the risks it bears before the funds are lent out; if the funds are repaid later, the balance after repayment shall be disclosed to reflect the adjustment of risks. If the board of directors' meeting of a public company authorizes the chairman of the board to extend loans in several trenches or recycle the loan balance within a certain limit in a year in accordance with paragraph 2, Article 14 of the Regulations, the loan limit approved by the board of directors' meeting shall still be used as the balance for the public announcement and declaration. Although the funds will be repaid later, other loans may still be extended again, so the loan limit approved by the board of directors' meeting shall still be used as the balance for the public announcement and declaration.

Pan-International Industrial Corp. and Subsidiaries
Endorsement/guarantee provided
January 1 to September 30, 2021

Table 2

Unit: NTD thousand
(unless otherwise noted)

Serial No. (note 1)	Name of company of the endorsement/guarantee	Guaranteed Party: Company name	Guaranteed Party: Relation (note 2)	Endorsement/guarantee limit for a single enterprise (Note 3)	Maximum endorsement/guarantee balance of the period (note 4)	Ending balance (note 5)	Transaction Amounts (Note 6)	Amount of endorsement/guarantee backed by assets	Ratio of the cumulative endorsement/ guarantee amount to the net value in the latest financial statement	Endorsement/guarantee limit (Note 3)	Endorsement/ guarantee from the parent company to subsidiary (note 7)	Endorsement/ guarantee from subsidiary to parent company (note 7)	Endorsement/ guarantee to mainland China (note 7)	Remarks
1	P.I.E INDUSTRIAL BERHAD	PAN-INTERNATIONAL ELECTRONICS(M) SDN. BHD.	2	$ 1,580,526	$ 1,118,417	$ 1,089,679	$ 530,013	$ -	9.19	$ 3,161,051	Y	N	N	
1	P.I.E INDUSTRIAL BERHAD	PAN-INTERNATIONAL WIRE&CABLE(M) SDN. BHD.	2	1,580,526	88,239	85,004	3,192	-	0.72	3,161,051	Y	N	N	

Note 1: The explanation of the number column is as follows:
(1) Fill in 0 for the issuer.
(2) Investee companies are numbered in sequence in each company type starting numerically from 1.

Note 2: There are 7 types of relations between the endorsement guarantor and the borrower as follows; simply mark the type:
(1). A company with business relations.
(2). A company with more than 50% of its voting shares is directly or indirectly held by the company.
(3). A company directly or indirectly holding more than 50% of the voting shares of the company.
(4). A company with more than 90% of its voting shares is directly or indirectly held by the company.
(5). A company with mutual guarantees in accordance with the contract in the same industry or a joint constructor to contract the project.
(6). A company that has been endorsed/guaranteed by all the contributing shareholders in accordance with their shareholding ratios due to a joint investment relationship.
(7). Joint and several guarantees for the performance of a contract for the sale of pre-sold houses among companies in the same industry in accordance with the provisions of the Consumer Protection Act.

Note 3: The sum of endorsements and guarantees granted by the Company to external parties are capped at 100% of the Company's net worth overall, and 50% of the Company's net worth per endorsed/guaranteed party; the sum of endorsements and guarantees granted by the Company and subsidiaries to external parties are capped at 100% of the Company's net worth overall, and 50% of the Company's net worth per endorsed/guaranteed party. The total amount of endorsements/guarantees provided by the Company to a foreign subsidiary that the Company, directly and indirectly, holds 100% of its voting shares shall not exceed 50% of the parent company's net worth, and the limit for an individual entity shall not exceed 20% of the parent company's net worth.

Note 4: The maximum balance of endorsements/guarantees for others in the current year.

Note 5: The amount approved by the Board of Directors’ meeting shall be filled in. However, if the Board of Directors’ meeting authorizes the chairman of the board to decide in accordance with subparagraph 8, Article 12 of the Regulations Governing Loaning of Funds and Making of Endorsements/ Guarantees by Public Companies, it refers to the amount decided by the chairman of the board.

Note 6: The actual amount of the Company's disbursement within the range of using the balance of the endorsements/guarantees shall be disclosed.

Note 7: Y is required only for an endorsement/guarantee of a listed parent company to a subsidiary, an endorsement/guarantee of a subsidiary to a listed parent company, and an endorsement/guarantee to entities in Mainland China.

Pan-International Industrial Corp. and Subsidiaries
Marketable securities held at period end (excluding investment in subsidiaries, associates and jointly controlled entities).
September 30, 2021

Table 3

Unit: NTD thousand
(unless otherwise noted)

Name of the holding company	Type of marketable securities	Name of marketable securities	Relationship with the Holding Company	Ledger account	Period end: Number of shares/beneficiary certificates	Period end: Book value	Period end: Shares Ratio	Period end: Fair value	Remarks
Pan-International Industrial Corp.	Common share	Innolux Corporation	None.	Financial assets measured at fair value through other comprehensive income - Non-current	82,705,987	$ 1,406,002	0.79	$ 1,406,002	
Pan-International Industrial Corp.	Common share	WK Technology Fund	None.	Financial assets measured at fair value through other comprehensive income - Non-current	4,219	-	0.42	-	
Pan-International Industrial Corp.	Common share	Syntrend Creative Park Co., Ltd.	The largest shareholder of this company is the largest shareholder of Hon Hai Precision Co., Ltd.	Financial assets measured at fair value through other comprehensive income - Non-current	12,831,500	90,442	5.23	90,442	
Pan-International Industrial Corp.	Common share	InnoCare Optoelectronics Corporation	None.	Financial assets measured at fair value through income - Non-current	82,694	1,902	0.24	1,902	
P.I.E. INDUSTRIAL BERHAD	Open-end funds	EASTSPRING INVESTMENTS ISLAMIC INCOME FUND	None.	Financial assets measured at fair value through income - Current	23,233	80	-	80	
P.I.E. INDUSTRIAL BERHAD	Open-end funds	AFFIN HWANG AIIMAN MONEY MARKET FUND I	None.	Financial assets measured at fair value through income - Current	538,024	1,923	-	1,923	
P.I.E. INDUSTRIAL BERHAD	Open-end funds	AFFIN HWANG USD CASH FUND	None.	Financial assets measured at fair value through income - Current	254,968	7,250	1.00	7,250	
Yen Yung International Investment Co., Ltd	Common share	Lico Technology Corporation	None.	Financial assets measured at fair value through income - Non-current	3,400,000	-	2.73	-	
PAN GLOBAL HOLDING CO., LTD.	Common share	UER HOLDINGS CORPORATION	The investment company is evaluated by the equity method; the same as the Company.	Financial assets measured at fair value through income - Non-current	1,781,979	-	8.22	-	
PAN GLOBAL HOLDING CO., LTD.	Common share	FSK HOLDINGS LIMITED	The investment company is evaluated by the equity method; the same as the Company.	Financial assets measured at fair value through other comprehensive income - Non-current	50,400,000	54,260	17.50	54,260	
PAN GLOBAL HOLDING CO., LTD.	B share	CYBERTAN TECHNOLOGY CORP.	The investment company is evaluated by the equity method; the same as the Company.	Financial assets measured at fair value through other comprehensive income - Non-current	28,498,993	622,429	16.87	622,429	

Pan-International Industrial Corp. and Subsidiaries

The cumulative amount of buying or selling the same securities reaches NT$300 million or more, or 20% of the paid-in capital
January 1 to September 30, 2021

Table 4

Unit: NTD thousand
(unless otherwise noted)

Company bought or sold	Name and type of marketable securities	Financial report Account	Related Party (Note 2)	Relation (Note 2)	At beginning of period		Buy		Sell				Period end	
					Shares	Amount	Shares	Amount	Shares	Selling price	Book cost	Gain/loss on disposal	Shares	Amount
PAN GLOBAL HOLDING CO.,LTD	CYBERTAN TECHNOLOGY CORP.(A share)	Note 1	Szitic (HK) Commercial Property Company Limited	Note 3	17,467,125	$ 513,489	-	$ -	(17,467,125)	$ 761,284	$ 425,097	$ -	-	$ -

Note 1: Presented as "Financial assets at FVTOCI." Gain/loss on disposal includes NT$336,187 that were reclassified directly from other comprehensive income to retained earnings.
Note 2: The two fields are mandatory for marketable securities that are accounted using the equity method, whereas the remainder can be left blank.
Note 3: The counterparty is not a related party to the Company.

Pan-International Industrial Corp. and Subsidiaries
Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital or more.
September 30, 2020

Table 5

Unit: NTD thousand
(unless otherwise noted)

			Transaction Details				Differences in transaction terms from those of general transactions and reasons		Note/Accounts Receivable (Payable)		Remarks
Purchasing/selling company	Related Party	Relation	Purchase/ Sale	Amount	Percentage of total purchase (sale)	Payment Terms	Unit Price	Credit period	Balance	Percentage of total notes and accounts receivable (payable)	
Pan-International Industrial Corp.	Hongfutai Precision Electronics (Yantai) Co., Ltd.	Subsidiary of the indirect reinvestment of Hon Hai Precision Industry Co., Ltd.	Sales	$ 1,391,1877	16	Monthly settlement 90 days T/T	No sale to other customers with no basis for comparison	No significant difference	$ 515,147	16	
Pan-International Industrial Corp.	Hongfujin Precision Industry (Wuhan) Co., Ltd.	Subsidiary of the indirect reinvestment of Hon Hai Precision Industry Co., Ltd.	Sales	404,244	5	Monthly settlement 90 days T/T	No sale to other customers with no basis for comparison	No significant difference	167,422	5	
Pan-International Industrial Corp.	FIH (Hong Kong) Mobil Limited	Subsidiary of the indirect reinvestment of Hon Hai Precision Industry Co., Ltd.	Sales	399,558	5	Monthly settlement 90 days T/T	No sale to other customers with no basis for comparison	No significant difference	144,983	4	
Pan-International Industrial Corp.	PAN-INTERNATIONAL ELECTRONICS (USA) INC.	Subsidiary of the Company's indirect reinvestment	Sales	253,143	3	Monthly settlement 120 days T/T	No sale to other customers with no basis for comparison	No significant difference	43,676	1	
Pan-International Industrial Corp.	Hongfujin Precision Industry (Shenzhen) Co., Ltd.	Subsidiary of the indirect reinvestment of Hon Hai Precision Industry Co., Ltd.	Sales	151,267	2	Monthly settlement 90 days T/T	No sale to other customers with no basis for comparison	No significant difference	55,124	2	
Pan-International Industrial Corp.	Hongfujin Precision Industry (Yantai) Co., Ltd.	Subsidiary of the indirect reinvestment of Hon Hai Precision Industry Co., Ltd.	Sales	459,085	5	Monthly settlement 90 days T/T	No sale to other customers with no basis for comparison	No significant difference	278,017	8	
Pan-International Industrial Corp.	Hon Hai Precision Industry Co., Ltd.	A company that evaluates the Company by the equity method	Sales	122,928	1	Monthly settlement 90 days T/T	No sale to other customers with no basis for comparison	No significant difference	113,126	3	
Pan-International Industrial Corp.	Dongguan Pan-International Electronics Co., Ltd.	Subsidiary of the Company's indirect reinvestment	Sales	137,218	2	Monthly settlement 120 days T/T	No sale to other customers with no basis for comparison	No significant difference	78,923	2	
Pan-International Industrial Corp.	Honghuasheng Precision Electronics (Yantai) Co., Ltd.	Subsidiary of the Company's indirect reinvestment	Purchase	2,932,307	36	Monthly settlement 90 days	A single supplier with no basis for comparison	No significant difference	(948,621)	(44)	
Pan-International Industrial Corp.	Dongguan Pan-International Precision Electronics Co., Ltd.	Subsidiary of the Company's indirect reinvestment	Purchase	1,010,271	13	Monthly settlement 90 days	A single supplier with no basis for comparison	No significant difference	(239,953)	(11)	
Pan-International Industrial Corp.	Foxconn Interconnect Technology Limited	Subsidiary of the indirect reinvestment of Hon Hai Precision Industry Co., Ltd.	Purchase	855,441	11	Monthly settlement 90 days	A single supplier with no basis for comparison	No significant difference	(363,342)	(17)	
New Ocean Precision Component (Jiangxi) Co., Ltd.	Foxconn Interconnect Technology Limited	Subsidiary of the indirect reinvestment of Hon Hai Precision Industry Co., Ltd.	Sales	1,511,047	100	Monthly settlement 60 days T/T	No sale to other customers with no basis for comparison	No significant difference	597,747	100	
PAN-INTERNATIONAL ELECTRONICS(M) SDN.BHD.	S&O ELECTRONICS (Malaysia) SDN.BHD.	Other related parties	Sales	1,708,042	34	Monthly settlement of 30 days	No sale to other customers with no basis for comparison	No significant difference	273,822	19	
PAN-INTERNATIONAL ELECTRONICS(M) SDN.BHD.	Foxconn Technology Co., Ltd	Other related parties	Purchase	1,420,042	31	Monthly settlement 90 days	A single supplier with no basis for comparison	No significant difference	(370,401)	(29)	
PAN-INTERNATIONAL ELECTRONICS(M) SDN.BHD.	Hon Hai Precision Industry Co., Ltd.	A company that evaluates the Company by the equity method	Purchase	339,680	7	Monthly settlement 90 days	A single supplier with no basis for comparison	No significant difference	(84,258)	(7)	
Tekcon Electronics Corporation	Foxconn Interconnect Technology Limited	Subsidiary of the indirect reinvestment of Hon Hai Precision Industry Co., Ltd.	Purchase	423,741	74	Monthly settlement 120 days	A single supplier with no basis for comparison	No significant difference	(271,010)	(83)	
Tekcon Huizhou Electronics Co., Ltd.	Huaian Fulitong Trade Co., Ltd.	Subsidiary of the indirect reinvestment of Hon Hai Precision Industry Co., Ltd.	Purchase	146,792	62	Monthly settlement 120 days	A single supplier with no basis for comparison	No significant difference	(119,937)	(68)	

Pan-International Industrial Corp. and Subsidiaries
Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital or more.
September 30, 2020

Table 5

Unit: NTD thousand
(unless otherwise noted)

Purchasing/selling company	Related Party	Relation	Transaction Details: Purchase/ Sale	Transaction Details: Amount	Transaction Details: Percentage of total purchase (sale)	Transaction Details: Payment Terms	Differences in transaction terms from those of general transactions and reasons: Unit Price	Differences in transaction terms from those of general transactions and reasons: Credit period	Note/Accounts Receivable (Payable): Balance	Note/Accounts Receivable (Payable): Percentage of total notes and accounts receivable (payable)	Remarks
Wuhu Ruichang Electric Systems Co., Ltd.	Chery Automobile Co., Ltd.	Other related parties	Sales	$ 181,796	28	Monthly settlement of 30 days	No sale to other customers with no basis for comparison	No significant difference	$ 69,233	31	
Wuhu Ruichang Electric Systems Co., Ltd.	Wuhu Chery Automobile Purchasing Co Ltd.	Other related parties	Sales	341,960	53	Monthly settlement of 30 days	No sale to other customers with no basis for comparison	No significant difference	62,441	28	

Table 5 page 2

Pan-International Industrial Corp. and Subsidiaries
Total accounts receivable from related parties amounting to at least NT$100 million or 20% of the paid-in capital or more.
September 30, 2021

Table 6

Unit: NTD thousand
(unless otherwise noted)

Company Name	Related Party	Relation	Balance of accounts receivable from related parties	Turnover Rate	Overdue accounts receivable from related parties: Amount	Overdue accounts receivable from related parties: Action taken	Accounts receivable from related parties recovered after the period	Provision for the allowance for loss
Pan-International Industrial Corp.	Hongfutai Precision Electronics (Yantai) Co., Ltd.	Subsidiary of the indirect reinvestment of Hon Hai Precision Industry Co., Ltd.	$ 515,147	2.85	$ -	Payment received after the period	$ 239,194	$ 207
Pan-International Industrial Corp.	Hongfujin Precision Industry (Wuhan) Co., Ltd.	Subsidiary of the indirect reinvestment of Hon Hai Precision Industry Co., Ltd.	167,422	4.02	-	Payment received after the period	-	67
Pan-International Industrial Corp.	FIH (Hong Kong) Mobil Limited	Subsidiary of the indirect reinvestment of Hon Hai Precision Industry Co., Ltd.	144,983	2.87	-	Payment received after the period	-	58
Pan-International Industrial Corp.	Hon Hai Precision Industry Co., Ltd.	A company that evaluates the company by the equity method	113,126	1.70	-	Payment received after the period	32,351	45
Pan-International Industrial Corp.	Hongfujin Precision Industry (Yantai) Co., Ltd.	Subsidiary of the indirect reinvestment of Hon Hai Precision Industry Co., Ltd.	278,017	4.09	110	Payment received after the period	6,886	111
Honghuasheng Precision Electronics (Yantai) Co., Ltd.	Pan-International Industrial Corp.	The Company’s parent company	948,621	5.19	-	Payment received after the period	222,800	379
Dongguan Pan-International Precision Electronics Co., Ltd.	Pan-International Industrial Corp.	The Company’s parent company	239,953	5.43	-	Payment received after the period	125,578	-
New Ocean Precision Component (Jiangxi) Co., Ltd.	Foxconn Interconnect Technology Limited	Subsidiary of the indirect reinvestment of Hon Hai Precision Industry Co., Ltd.	597,747	3.91	-	Payment received after the period	318,569	239
PAN-INTERNATIONAL ELECTRONICS(M) SDN.BHD.	S&O ELECTRONICS (Malaysia) SDN.BHD.	Other related parties	273,822	5.45	-	Payment received after the period	-	-

Pan-International Industrial Corp. and Subsidiaries
Significant Inter-company Transactions during the Reporting Period
September 30, 2021

Table 7

Unit: NTD thousand
(unless otherwise noted)

No. (note1)	Transaction Company	Counterparty	Flow of Transactions (note 2)	Description of Transactions (note 4)			
				Account	Amount	Transaction Terms	Percentage of consolidated total revenue or assets (note 3)
0	Pan-International Industrial Corp.	PAN-INTERNATIONAL ELECTRONICS (USA) INC.	1	Sales	$ 253,143	Note 5	1
0	Pan-International Industrial Corp.	Dongguan Pan-International Electronics Co., Ltd.	1	Sales	137,218	Note 5	1
0	Pan-International Industrial Corp.	Honghuasheng Precision Electronics (Yantai) Co., Ltd.	1	Purchase	2,932,307	Note 6	167
0	Pan-International Industrial Corp.	Dongguan Pan-International Precision Electronics Co., Ltd.	1	Purchase	1,010,271	Note 6	6
1	Dongguan Pan-International Precision Electronics Co., Ltd.	Pan-International Industrial Corp.	2	Accounts receivable	239,953	Note 6	1
2	Honghuasheng Precision Electronics (Yantai) Co., Ltd.	Pan-International Industrial Corp.	2	Accounts receivable	948,621	Note 6	4

Note 1: The business information between the parent company and the subsidiary shall be indicated in the number column respectively, and the number shall be filled in as follows:
(1) Fill in 0 for the parent company
(2) Subsidiaries are numbered in sequence in each company type starting numerically from 1.

Note 2: There are three types of relationship with the transaction parties; mark the type (there is no need to repeatedly disclose the same transaction between parent and subsidiary companies or between subsidiary companies. For example, if a parent company discloses a transaction with a subsidiary, the subsidiary does not have to repeat the disclosure of the transaction; if a subsidiary discloses a transaction with another subsidiary, the other subsidiary does not have to disclose the transaction again):
(1) Parent company with a subsidiary.
(2) A subsidiary with the parent company.
(3) A subsidiary with a subsidiary.

Note 3: For the calculation of the ratio of the transaction amount to the total consolidated revenue or total assets, if the item is classified as an asset or liability, the ratio is calculated with its ending balance as a percentage over the total consolidated assets; if the item is classified as an income, the ratio is calculated with the income accumulated at the end of the period as a percentage over the total consolidated revenue.

Note 4: The standard for disclosing the transaction information above between the parent company and a subsidiary is that the amount of purchase, sale, and receivables from related parties reaches NT$100 million or 20% of the paid-in capital.

Note 5: The transaction price is similar to that of the general customer, with a collection period of 120 days monthly settlement.

Note 6: Transaction prices are negotiated and the collection period is 90 days monthly settlement.

Pan-International Industrial Corp. and Subsidiaries

The name and location of the investee company and other relevant information (excluding mainland China investee companies)

January 1 to September 30, 2021

Table 8

Unit: NTD thousand
(unless otherwise noted)

Investor	Investor Company	Location	Main Businesses and Products	Original Investment Amount: September 30, 2021	Original Investment Amount: End of last year	As of September 30, 2021: Shares	As of September 30, 2021: Ratio	As of September 30, 2021: Book value	Net income (loss) of the Investee for current period	Investment gains and losses recognized in the current period	Remarks
Pan-International Industrial Corp.	PAN GLOBAL HOLDING CO., LTD.	The British Virgin Islands	Holding company	$ 3,472,484	$ 3,472,484	$ 12,220	100	$ 9,100,270	$ 274,839	$ 274,839	
Pan-International Industrial Corp.	PAN-INTERNATIONAL ELECTRONICS INC.	USA	Sale of electronic products	73,142	73,142	28,000	100	197,676	6,275	6,275	
Pan-International Industrial Corp.	Yen Yung International Investment Co., Ltd	Taiwan	Investment company	363,997	473,997	33,316,236	100	193,352	3,455	3,455	
Yen Yung International Investment Co., Ltd	Tekcon Electronics Corporation	Taiwan	Manufacturing and sale of connectors for electronic signal cables	393,898	393,898	21,960,504	83.58	184,546	5,549	4,638	
PAN GLOBAL HOLDING CO., LTD.	P.I.E. INDUSTRIAL BERHAD (PIB)	Malaysia	Holding company	38,851	38,851	197,459,985	51.42	1,625,413	243,996	125,463	Note 1
PAN GLOBAL HOLDING CO., LTD.	GREAT HAVEN HOLDINGS LTD. (GHH)	The British Virgin Islands	Holding company	537,505	537,505	19,800,000	100	72,249	1	1	Note 2
PAN GLOBAL HOLDING CO., LTD.	BEYOND ACHIEVE ENTERPRISE LTD. (BAE)	The British Virgin Islands	Holding company	267,360	267,360	9,600,000	100	602,833	(28,876)	(28,876)	Note 3
PAN GLOBAL HOLDING CO., LTD.	TEAM UNION INTERNATIONAL LTD. (TUI)	Hong Kong	Holding company	456,740	456,740	3,120,001	100	1,043,592	307,172	307,172	Note 4
PAN GLOBAL HOLDING CO., LTD.	EAST HONEST HOLDINGS LIMITED (EHH)	Hong Kong	Holding company	2,986,004	2,986,004	665,799,420	100	3,674,522	219,086	219,086	Note 5
PAN GLOBAL HOLDING CO., LTD.	Long Time Tech. Co., Ltd.	Taiwan	Electronic Components	646,000	646,000	20,187,500	16.82	550,338	(82,167)	(29,732)	
Tekcon Electronics Corporation	Long Time Tech. Co., Ltd.	Taiwan	Electronic Components	250,000	250,000	7,812,500	5.44	212,977	(82,167)	(11,507)	

Note 1: The company mainly reinvests in Pan-International Electronics (Malaysia) Sdn indirectly through PIB BHD. and Pan-International Wire & Cable (Malaysia) Sdn. Bhd. from the production of cable-attached connectors or electronic products and sales in Malaysia.
Note 2: The Company invested in NCIH International Holdings Limited indirectly through GHH. The investee was dissolved in September 2020.
Note 3: The Company invested in New Ocean Precision Component (Jiangxi) Co., Ltd. indirectly through BAE. Please refer to Table 9 for details on the disclosure of information about investments in mainland China.
Note 4: The Company invested in Dongguan Pan-International Precision Electronics Co., Ltd. indirectly through TUI. Please refer to Table 9 for details on the disclosure of information about investments in mainland China.
Note 5: The Company invested in Honghuasheng Precision Electronics (Yantai) Co., Ltd. indirectly through EHH. Please refer to Table 9 for details on the disclosure of information about investments in mainland China.
Note 6: The relevant figures in this table are in NTD. Where foreign currencies are involved, they will be converted into NTD at the exchange rate on the date of financial reporting.

Pan-International Industrial Corp. and Subsidiaries
Mainland China investment information - Basic information
January 1 to September 30, 2021

Table 9

Unit: NTD thousand
(unless otherwise noted)

Name of the investee in mainland China	Main Businesses and Products	Paid-in Capital	Method of Investments (Note 2)	Cumulative outward remittance of investment amount from Taiwan at the beginning of the period	Investment Flows of current period		Cumulative outward remittance of the investment amount from Taiwan in the period end	Net income (loss) of the Investee for current period	% Ownership of Direct or Indirect Investment	Investment gains and losses recognized in the current period (note 3)	Book value of the investment at the end of the period	Investment gains repatriated as of the end of the period	Remarks
					Outward	Inward							
Dongguan Pan-International Precision Electronics Co., Ltd.	Manufacturing and sale of wires, cables, connecting wires, connecting wire connectors, and wire plugs.	$ 456,740	2	$ 348,125	$ -	$ -	$ 348,125	$ 307,172	100	$ 307,172	$ 1,043,592	$ -	note 6
Fuyu Property (Shanghai) Co., Ltd.	Engaging in the e-commerce business of industrial design, other specialized design services, car rental, retail of other commodities, sale of computer and peripheral equipment and software, retail of communication equipment, retail of audio-visual equipment, retail of spare parts and supplies for locomotives, and e-commerce of retail goods and equipment above.	5,047,397	2	758,913	-	-	758,913	49,886	16.87	-	622,429	-	Note 8
New Ocean Precision Component (Jiangxi) Co., Ltd.	Manufacturing and operation of various types of plugs and sockets and telecommunications.	267,360	2	-	-	-	-	(28,876)	100	(28,876)	602,833	-	
Honghuasheng Precision Electronics (Yantai) Co., Ltd.	Production and sale of hard single (double) side printed circuit boards, hard multi-layer printed circuit boards, flexible multi-layer printed circuit boards, and other printed circuit boards	2,389,530	2	2,464,725	-	-	2,464,725	183,586	100	183,586	3,673,907	-	Note 4

Table 9 page 1

Company name	The cumulative amount of outward remittance of investment from Taiwan to mainland China at the end of the period (notes 5 and 6)	Investment amount approved by the Investment Commission, MOEA	In compliance with the investment limit stipulated by the Investment Commission, MOEA for investment in mainland China. (note 7).
Pan-International Industrial Corp.	$ 3,948,879	$ 5,637,937	$ -

Note 1: The relevant figures in this table are in NTD. Where foreign currencies are involved, they will be converted into NTD at the exchange rate on the date of financial reporting.

Note 2: There are three investment modes:

1. Direct investment in mainland China.
2. Re-investment in mainland China through Pan Global Holding Co., Ltd. of a third region.
3. Other modes.

Note 3: Except for Dongguan Pan-International Precision Electronics Co., Ltd., the figures in the investment profit and loss column recognized in the period are recognized in the financial report which is reviewed by accountants.

Note 4: In the first quarter of 2012, the company acquired 100% of the equity of East Honest Holdings Limited through the subsidiary Pan Global Holding Co., Ltd. and indirectly acquired Honghuasheng Precision Electronics (Yantai) Co., Ltd.; the investment amount approved by the Investment Commission, MOEA was USD 107,217 thousand.

Note 5: The following are the investment withdrawal cases approved by the Investment Commission, MOEA as of September 30, 2020:

Date	Approval letter No.	Investor Company	Original investment amount remitted from Taiwan	
September 5, 2003	0920028972	Dongguan Junwang Technology Co., Ltd.	USD	91 thousand
December 9, 2010	09900496780	Saibo Digital Technology (Guangzhou) Co., Ltd.		476 thousand
May 30, 2011	10000205680	Yunnan Saibo Digital Technology Co., Ltd.		190 thousand
May 30, 2011	10000205690	Chongqing Saibotel Digital Square Co., Ltd.		454 thousand
May 30, 2011	10000205700	Nanchong Saibo Digital Square Co., Ltd.		58 thousand
March 22, 2017	10600038030	UER Battery Technology (Shenzhen) Co., Ltd.		1,100 thousand
May 9, 2017	10630024870	Ganchuang International Trade (Shenzhen) Co., Ltd.		8,650 thousand
			USD	11,019 thousand

Because these reinvestment companies suffer losses, the amount of investment originally remitted from Taiwan cannot offset the amount of investment in mainland China.

Note 6: In November 2011, the Company was granted a document, IC(II) No. 10000518690 by the Investment Commission, MOEA, that approved the rescission of the unexecuted investment amount of US$500 thousand for Dongguan Pan-International Precision Electronics Co., Ltd.

On October 30, 2014, the Company was granted a document, IC(II) No. 10300233110 by the Investment Commission, MOEA that approved the transferring of Cyberport Digital Tech (Qingdao) Co., Ltd, and 42 other companies to Le Zhiwan Ranch Holding Investment Ltd. (Samoa);

In March 2017, the Company was granted a document, IC(II) No. 10600038030 by the Investment Commission, MOEA that approved the rescission of unexecuted investment amount of US$5.2 million for UER Battery Technology (Shenzhen) Co., Ltd..

Note 7: The Company received a letter from the Industrial Development Bureau, MOEA referenced Jing-Shou-Gong-Zi No. 10820432920 in December 2019 certifying the compliance with the operation scope of operation headquarters, and no investment limit is required from December 4, 2019 to December 3, 2022.

Note 8: The Company's subsidiary Pan Global Holding Co., Ltd. sold 16.87% of its-owned Class A shares of CYBERTAN TECHNOLOGY CORP. in the second quarter of 2021. The reinvestment business Fuyu Property (Shanghai) Co., Ltd. was indirectly disposed of. As of September 30, 2021, the Company indirectly held 16.87% of Class B shares of its reinvestment business Fuyu Property (Shanghai) Co., Ltd.

Pan-International Industrial Corp. and Subsidiaries
Information on major shareholders
September 30, 2021

Table 10

Unit: NTD thousand

Name of major shareholders	Share	
	Number of shares held	Shares Ratio
Hon Hai Precision Industry Co., Ltd.	107,776,254	20.79%

Note 1: The information of major shareholders in this table is based on the information from the Central Depository on the last business day at the end of each quarter, covering shareholders stake of more than 5% of the Company's common and special shares that have completed dematerialized registration and delivery (including treasury shares).
The share capital reported in the financial report and the actual number of shares that have completed the scriptless registration may be different due to differences in the basis of compilation and calculation.
Note 2: If the shareholder puts the shares into a trust, the aforementioned information will be disclosed by the trustors' individual account opened by the trustee. As for shareholders' insider declaration of the ownership percentage over 10% according to the Securities and Exchange Act, including the shares on hand and those being put in a trust but with the decision power over the usage of the trust assets, please refer to the insider declaration information on MOPS.
Note 3: The preparation principle of this table is to calculate the distribution of the balance of each credit transaction based on the shareholders' register on the book-close day of the extraordinary shareholders' meeting (short-sale securities are not purchased back).
Note 4: Shareholding ratio (%) = total number of shares held by the shareholder/total number of shares that have completed scriptless registration.
Note 5: Total number of shares that have completed scriptless registration (including treasury shares) that have completed dematerialized registration and delivery is 518,346,282 shares = 518,346,282 (common shares) + 0 (preferred shares).