SINBON ELECTRONICS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
WITH REPORT OF INDEPENDENT ACCOUNTANTS

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

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The reader is advised that these consolidated financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

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Building a better working world

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REVIEW REPORT OF INDEPENDENT ACCOUNTANTS

To SINBON Electronics Co., Ltd.

Introduction

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

Scope of Review

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

Basis for Qualified Conclusion

As explained in Note 4(3), the financial statements of certain insignificant subsidiaries were not reviewed by independent accountants. Those statements reflected total assets of NT$7,389,687 thousand and NT$6,541,474 thousand, constituting 28% and 31% of the consolidated total assets, and total liabilities of NT$2,871,830 thousand and NT$2,545,059 thousand, constituting 18% and 21% of the consolidated total liabilities as of 30 September 2021 and 2020; and total comprehensive income of NT$147,854 thousand, NT$141,166 thousand, NT$493,490 thousand and NT$294,753 thousand, constituting 22%, 19%, 25% and 18% of the consolidated total comprehensive income for the three-month and nine-month periods ended 30 September 2021 and 2020. As explained in Note 6(7), the financial statements of certain associates and joint ventures accounted for under the equity method were not reviewed by independent accountants. The associates and joint venture's investment under equity method amounted to NT$719,150 thousand and NT$643,007 thousand as of 30 September 2021 and 2020, respectively. The related shares of profits from the associates and joint ventures under the equity method amounted to NT$42,996 thousand, NT$35,068 thousand, NT$98,382 thousand and NT$94,371 thousand, and the related shares of other comprehensive income from the associates and joint ventures under the equity method amounted to NT$(32,119) thousand, NT$25,591 thousand, NT$10,239 thousand and NT$43,576 thousand for the three-month and nine-month periods ended 30 September 2021 and 2020, respectively. The information related to the above subsidiaries, and associates and joint ventures accounted for under the equity method disclosed in Note 13 was also not reviewed by independent accountants.

Qualified Conclusion

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

/s/Huang, Tzu Ping

/s/Chen, Ming Hung

Ernst & Young, Taiwan
22 October 2021

Notice to Readers

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SINBON ELECTRONICS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

30 September 2021, 31 December 2020 and 30 September 2020 (30 September 2021 and 2020 are unaudited)

(Expressed in Thousands of New Taiwan Dollars)

		As of		
Assets	Notes	30 September 2021	31 December 2020	30 September 2020
Current assets				
Cash and cash equivalents	4,6(1)	$3,877,333	$4,450,375	$3,006,898
Financial assets at fair value through profit or loss, current	4,6(2)	210,376	252,618	243,804
Notes receivable, net	4,6(3)	1,434,062	1,264,482	724,728
Accounts receivable, net	4,6(4)	5,939,845	6,370,363	6,361,851
Other receivables		268,890	196,961	193,244
Current income tax assets	4	-	26,284	-
Inventories	4,6(5)	8,845,432	6,164,699	5,730,422
Prepayments		562,975	340,261	302,464
Other current assets		142,219	20,985	22,831
Total current assets		21,281,132	19,087,028	16,586,242
Non-current assets				
Financial assets at fair value through profit or loss, noncurrent	4,6(2)	353	-	-
Financial assets at fair value through other comprehensive income, noncurrent	4,6(6)	395,243	299,065	292,582
Investments accounted for under the equity method	4,6(7)	719,150	715,375	643,007
Property, plant and equipment	4,6(8)	2,616,046	2,701,729	2,274,728
Right-of-use assets	4,6(19)	374,185	353,599	219,893
Other intangible assets		58,392	70,899	64,428
Deferred tax assets	4	146,272	131,384	155,652
Other non-current assets	4,6(9)	561,938	323,964	551,774
Total non-current assets		4,871,579	4,596,015	4,202,064
Total assets		$26,152,711	$23,683,043	$20,788,306

(continued)

English Translation of Consolidated Financial Statements Originally Issued in Chinese
SINBON ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (Continued)
30 September 2021, 31 December 2020 and 30 September 2020 (30 September 2021 and 2020 are unaudited)
(Expressed in Thousands of New Taiwan Dollars)

		As of		
Liabilities and Equity	Notes	30 September 2021	31 December 2020	30 September 2020
Current liabilities				
Short-term loans	4,6(10)	$3,707,880	$3,061,501	$4,118,522
Financial liabilities at fair value through profit or loss, current	4,6(11)	109	22,112	15,817
Contract liabilities,current	4,6(17)	2,440,591	1,677,711	1,104,476
Notes payable		324,472	545,655	305,010
Accounts payable	7	5,719,873	4,820,571	4,930,869
Other payables	4,6(12)	1,303,889	1,294,578	1,086,788
Current tax liabilities	4	147,444	240,258	178,653
Lease liabilities,current	4,6(19)	88,665	77,830	57,994
Current portion of long-term loans		3,046	3,636	3,639
Other current liabilities		21,245	49,232	26,327
Total current liabilities		13,757,214	11,793,084	11,828,095
Non-current liabilities				
Financial liabilities at fair value through profit or loss,noncurrent	4,6(11)	-	2,470	-
Bonds payable	4,6(13)	1,151,296	1,256,981	-
Long-term loans	4	308,358	308,094	8,939
Deferred tax liabilities	4	188,096	226,025	258,314
Lease liabilities,noncurrent	4,6(19)	255,256	240,742	128,524
Long-term deferred revenue	4,6(14)	13,954	14,378	14,193
Net defined benefit obligation, noncurrent	4	67,791	72,965	74,150
Other non-current liabilities-others		2	171	2
Total non-current liabilities		1,984,753	2,121,826	484,122
Total liabilities		15,741,967	13,914,910	12,312,217
Equity attributable to the parent company				
Capital	6(16)			
Common stock		2,333,129	2,327,775	2,327,775
Certificates of bond-to-stock conversion		641	-	-
Subtotal		2,333,770	2,327,775	2,327,775
Additional Paid-in Capital	6(16)	2,040,830	1,885,096	1,432,754
Retained earnings				
Legal reserve		1,493,995	1,280,774	1,280,774
Special reserve		399,729	481,223	481,223
Unappropriated earnings		3,871,979	3,579,649	3,104,452
Subtotal		5,765,703	5,341,646	4,866,449
Other components of equity	4			
Exchange differences on translation of foreign operations		(591,378)	(501,613)	(586,789)
Unrealized gains or losses measured at fair value through other comprehensive income		148,846	101,884	52,790
Subtotal		(442,532)	(399,729)	(533,999)
Equity attributable to the parent company		9,697,771	9,154,788	8,092,979
Non-controlling interests	4,6(16)	712,973	613,345	383,110
Total equity		10,410,744	9,768,133	8,476,089
Total liabilities and equity		$26,152,711	$23,683,043	$20,788,306

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SINBON ELECTRONICS CO., LTD. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

		3-month periods ended 30 September		9-month periods ended 30 September	
	Notes	2021	2020	2021	2020
Operating revenues	4,6(17),7	$6,679,385	$5,898,213	$19,061,139	$15,669,543
Operating costs	6(5.20),7	(4,976,376)	(4,374,562)	(14,148,560)	(11,603,213)
Gross profit-net		1,703,009	1,523,651	4,912,579	4,066,330
Operating expenses	6(20),7				
Sales and marketing expenses		(378,185)	(289,934)	(1,072,565)	(745,844)
General and administrative expenses		(321,422)	(258,319)	(892,808)	(828,329)
Research and development expenses		(225,886)	(168,446)	(632,322)	(456,008)
Expected credit gains (losses)	4,6(18)	6	-	(1,826)	(93)
Subtotal		(925,487)	(716,699)	(2,599,521)	(2,030,274)
Operating income		777,522	806,952	2,313,058	2,036,056
Non-operating income and expenses	6(21)				
Interest income		2,209	1,791	8,083	8,402
Other income		22,311	66,110	160,794	174,845
Other gains and losses		914	(93,435)	(46,637)	(109,564)
Finance costs		(18,171)	(12,272)	(56,003)	(31,819)
Share of profit or loss of associates and joint ventures	4,6(7)	42,996	35,068	98,382	94,371
Subtotal		50,259	(2,738)	164,619	136,235
Income from continuing operations before income tax		827,781	804,214	2,477,677	2,172,291
Income tax expense	4,6(23)	(132,588)	(154,215)	(481,832)	(472,856)
Net income		695,193	649,999	1,995,845	1,699,435
Other comprehensive income (loss)	6(22)				
Items that will not be reclassified to profit or loss					
Unrealized gains (losses) on equity instruments measured at fair value through other comprehensive income		20,322	(19,017)	41,076	(44,091)
Unrealized gains on equity instruments measured at fair value through other comprehensive income of associates and joint ventures-items that will not be reclassified to profit or loss	6(7)	(31,187)	25,521	12,808	43,506
Items that may be reclassified subsequently to profit or loss					
Unrealized gains on equity instruments measured at fair value through other comprehensive income of associates and joint ventures-items that may be reclassified subsequently to profit or loss	6(7)	(932)	70	(2,569)	70
Exchange differences on translation of foreign operations		(6,815)	96,482	(114,486)	(92,012)
Income tax related to items that may be reclassified subsequently		1,636	(17,810)	21,903	17,154
Total other comprehensive income (loss), net of tax		(16,976)	85,246	(41,268)	(75,373)
Total comprehensive income		$678,217	$735,245	$1,954,577	$1,624,062
Net income attributable to:	4,6(24)				
Stockholders of the parent		$661,171	$620,619	$1,884,287	$1,655,962
Non-controlling interests		34,022	29,380	111,558	43,473
		$695,193	$649,999	$1,995,845	$1,699,435
Comprehensive income (loss) attributable to:					
Stockholders of the parent		$643,890	$715,695	$1,848,647	$1,604,238
Non-controlling interests		34,327	19,550	105,930	19,824
		$678,217	$735,245	$1,954,577	$1,624,062
Earnings per share (NTD)	4,6(24)				
Earnings per share-basic		$2.83	$2.67	$8.09	$7.11
Earnings per share-diluted		$2.78	$2.67	$7.92	$7.11

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
SINBON ELECTRONICS CO., LTD. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the nine-month periods ended 30 September 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

	Equity Attributable to the Parent Company										
	Capital			Retained earnings			Other components of equity				
	Common stock	Certificates of Bond-to-Stock Conversion	Additional Paid-in Capital	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Operations	Unrealized Gains (Losses) on Equity Instruments Measured at Fair Value Through Other Comprehensive Income	Total	Non-Controlling Interests	Total Equity
Balance as of 1 January 2020	$2,325,237	$1,457	$1,228,781	$1,108,150	$341,933	$2,993,072	$(522,918)	$41,695	$7,517,407	$279,806	$7,797,213
Appropriation and distribution of 2019 retained earnings											
Legal reserve				172,624		(172,624)			-		-
Special reserve					139,290	(139,290)			-		-
Cash dividends						(1,233,720)			(1,233,720)		(1,233,720)
Other changes in additional paid-in capital											
Share of changes in net assets of associates and joint ventures			136,974						136,974		136,974
From differences between equity purchase price and carrying amount arising from actual acquisition or disposal of subsidiaries			6,457						6,457		6,457
Changes in ownership interests in subsidiaries			54,473						54,473		54,473
Net income for the nine-month period ended 30 September 2020						1,655,962			1,655,962	43,473	1,699,435
Other comprehensive income (loss), net of tax for the nine-month period ended 30 September 2020							(63,871)	12,147	(51,724)	(23,649)	(75,373)
Total comprehensive income (loss)	-	-	-	-	-	1,655,962	(63,871)	12,147	1,604,238	19,824	1,624,062
Increase (decrease) in non-controlling interests										83,480	83,480
Bonds converted to stock	2,538	(1,457)	6,069						7,150		7,150
Proceeds from disposal of equity instruments at fair value through other comprehensive income						1,052		(1,052)			
Balance as of 30 September 2020	$2,327,775	$ -	$1,432,754	$1,280,774	$481,223	$3,104,452	$(586,789)	$52,790	$8,092,979	$383,110	$8,476,089
Balance as of 1 January 2021	$2,327,775	$ -	$1,885,096	$1,280,774	$481,223	$3,579,649	$(501,613)	$101,884	$9,154,788	$613,345	$9,768,133
Appropriation and distribution of 2020 retained earnings											
Legal reserve				213,221		(213,221)			-		-
Cash dividends						(1,467,504)			(1,467,504)		(1,467,504)
Reversal of special reserve					(81,494)	81,494			-		-
Other changes in additional paid-in capital											
Disposal of investments accounted for under the equity method			(78)			79		(79)	(78)		(78)
From differences between equity purchase price and carrying amount arising from actual acquisition or disposal of subsidiaries			33,203						33,203		33,203
Changes in ownership interests in subsidiaries			10,174						10,174		10,174
Net income for the nine-month period ended 30 September 2021						1,884,287			1,884,287	111,558	1,995,845
Other comprehensive income (loss), net of tax for the nine-month period ended 30 September 2021							(89,765)	54,125	(35,640)	(5,628)	(41,268)
Total comprehensive income (loss)	-	-	-	-	-	1,884,287	(89,765)	54,125	1,848,647	105,930	1,954,577
Increase (decrease) in non-controlling interests										(6,302)	(6,302)
Bonds converted to stock	5,354	641	112,435						118,430		118,430
Disposal of equity instruments at fair value through other comprehensive income of associates and joint ventures						(748)		748	-		-
Disposalof financial assets at fair value through other comprehensive income						7,943		(7,832)	111		111
Balance as of 30 September 2021	$2,333,129	$641	$2,040,830	$1,493,995	$399,729	$3,871,979	$(591,378)	$148,846	$9,697,771	$712,973	$10,410,744

English Translation of Consolidated Financial Statements Originally Issued in Chinese
SINBON ELECTRONICS CO., LTD. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the nine-month periods ended 30 September 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

	9-month periods ended 30 September	
	2021	2020
Cash flows from operating activities:		
Net income before tax	$2,477,677	$2,172,291
Adjustments to reconcile net income before tax to net cash provided by operating activities:		
Income and expense adjustments:		
Depreciation	294,294	219,389
Amortization	35,703	27,534
Interest expense	56,003	31,819
Interest income	(8,083)	(8,402)
Dividends income	(16,559)	(20,688)
Expected credit loss	1,826	93
Share of profit of associates and joint ventures	(98,382)	(94,371)
(Gain) loss on disposal of property, plant and equipment	(12,236)	3,726
Gain on disposal of investments	(3,503)	-
Gain of financial assets/ liabilities at fair value through profit or loss	(35,652)	(9,695)
Property, plant and equipment transferred to expenses	2,874	-
Decrease in long-term deferred revenue	(270)	(265)
Changes in operating assets and liabilities:		
(Increase) decrease in notes receivable	(169,580)	105,241
Decrease (increase) in accounts receivable	428,696	(2,294,402)
Increase in other receivables	(83,192)	(42,135)
Increase in inventories, net	(2,680,733)	(1,231,103)
Increase in prepayments	(222,714)	(88,386)
Increase in other current assets	(121,234)	(9,421)
(Decrease) increase in notes payable	(221,183)	116,365
Increase in accounts payable	899,302	1,526,435
Increase in contract liabilities	762,880	139,753
(Decrease) increase in other payables	(22,147)	23,970
Decrease in other current liabilities	(27,987)	(21,251)
Decrease in accrued pension liabilities	(5,174)	(2,282)
Cash generated from operations	1,230,626	544,215
Interest received	8,083	8,516
Dividends received	16,559	20,688
Interest paid	(37,388)	(26,108)
Income tax paid	(579,165)	(508,271)
Net cash provided by operating activities	638,715	39,040

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English Translation of Consolidated Financial Statements Originally Issued in Chinese

SINBON ELECTRONICS CO., LTD. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

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

(Expressed in Thousands of New Taiwan Dollars)

	9-month periods ended 30 September	
	2021	2020
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	$(75,000)	$(67,186)
Proceeds from disposal of financial assets at fair value through other comprehensive income	23,119	4,089
Decrease in financial assets at fair value through other comprehensive income	2,449	-
Acquisition of financial assets at fair value through profit or loss	-	(60,069)
Proceeds from disposal of financial assets at fair value through profit or loss	52,870	11,655
Acquisition of investments accounted for under the equity method	-	(75,395)
Proceeds from disposal of investments accounted for under the equity method	10,866	-
Acquisition of property, plant and equipment	(288,123)	(345,102)
Proceeds from disposal of property, plant and equipment	141,470	9,594
Decrease in other intangible assets	12,507	13,284
Increase in other noncurrent assets	(274,698)	(214,130)
Proceeds from disposal of subsidiaries	-	(241)
Dividends received from investee company	102,977	75,548
Net cash used in investing activities	(291,563)	(647,953)
Cash flows from financing activities:		
Increase in short-term loans	646,379	1,390,119
Decrease in long-term loans (include current portion)	(326)	(2,961)
Cash dividends	(1,467,504)	(1,233,720)
Decrease in deposits received	(169)	-
Cash payments for the principal portion of lease liability	(77,744)	(53,154)
Changes in non-controlling interests	68,383	(1,860)
Net cash (used in) provided by financing activities	(830,981)	98,424
Effect of exchange rate changes on cash and cash equivalents	(89,213)	(61,802)
Net decrease in cash and cash equivalents	(573,042)	(572,291)
Cash and cash equivalents at beginning of period	4,450,375	3,579,189
Cash and cash equivalents at end of period	$3,877,333	$3,006,898

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

SINBON ELECTRONICS CO., LTD. AND SUBSIDIARIES
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
For the Nine-Month Periods Ended 30 September 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

1. History and organization

SINBON Electronics Co., Ltd. (“the Company”) was incorporated in Republic of China (R.O.C) in December 1989. The main activities of the Company include manufacturing and selling computer peripherals, connectors, wires and other parts. The shares of the Company commenced trading on Taiwan’s Over-the-Counter Market in May 2001 and were listed on the Taiwan Stock Exchange in August 2002.

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

The consolidated financial statements of the Company and its subsidiaries (“the Group”) for the nine-month periods ended 30 September 2021 and 2020 were authorized for issue in accordance with a resolution of the Board of Directors’ meeting on 22 October 2021.

3. Newly issued or revised standards and interpretations

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

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

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

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

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

A. Updating a Reference to the Conceptual Framework (Amendments to IFRS 3)

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

B. Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)

The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

C. Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)

The amendments clarify what costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.

D. Annual Improvements to IFRS Standards 2018 – 2020

Amendment to IFRS 1

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

Amendment to IFRS 9 Financial Instruments

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

Amendment to Illustrative Examples Accompanying IFRS 16 Leases

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

Amendment to IAS 41

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

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

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

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

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

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

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

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

(b) IFRS 17 "Insurance Contracts"

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

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

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

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

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

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

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

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

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

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

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

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Group’s financial statements were authorized for issue, the local effective dates are to be determined by FSC. The standards and interpretations have no material impact on the Group.

4. Summary of significant accounting policies

(1) Statement of Compliance

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

(2) Basis of Preparation

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

(3) Basis of Consolidation

Preparation principle of consolidated financial statement

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

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

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

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

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

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

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

Total comprehensive income of the subsidiaries is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

If the Company loses control of a subsidiary, it:

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

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

The consolidated entities are listed as follows:

Investor	Subsidiary	Main businesses	Percentage of ownership (%)			Note
			30 September 2021	31 December 2020	30 September 2020	
The Company	SINBON International Enterprise Co., Ltd. (SB BVI)	Holding company	100.00%	100.00%	100.00%	
The Company	Hong Kong SINBON Electronics Co., Ltd. (HKSB)	Selling a wide variety of connectors, wires and cables	100.00%	100.00%	100.00%	
The Company	Kwan-Ze Corporation Ltd. (Kwan-Ze)	Selling a wide variety of electronic materials and holding company	100.00%	100.00%	100.00%	
The Company	SINBON USA L.L.C. (SINBON USA)	Logistic center	100.00%	100.00%	100.00%	
The Company	Beijing SINBON TongAn Renewable Energy Co., Ltd. (BJSB TongAn)	Manufacturing and selling a wide variety of connectors, wires and cables	85.53%	85.53%	92.86%	Note1.2
The Company	SINBON Europe GmbH (SINBON Europe)	Logistic center	100.00%	100.00%	100.00%	
The Company	Radbon Avionics Inc. (Radbon)	Selling signal cables and cabin wiring.	55.00%	55.00%	55.00%	
The Company	T-CONN Precision Co., Ltd.(T-CONN)	Manufacturing and selling a wide variety of connectors, wires and cables	57.45%	61.18%	61.18%	Note3
The Company	SINBON Hungary Kft (SB Hungary)	Manufacturing and selling a wide variety of connectors, wires and cables	100.00%	100.00%	100.00%	
The Company	SINTOP Energy Management Co., Ltd. (SINTOP)	Renewable energy investment management consulting business	53.57%	-	-	Note4
SB BVI	Jiangyin SINBON Electronics Co., Ltd. (JYSB)	Manufacturing and selling a wide variety of connectors, wires and cables	100.00%	100.00%	100.00%	

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

Investor	Subsidiary	Main businesses	Percentage of ownership (%)			Note
			30 September 2021	31 December 2020	30 September 2020	
SB BVI	Shenzhen SINBON Electronics Co., Ltd. (SZSB)	Selling a wide variety of connectors, wires and cables	100.00%	100.00%	100.00%	
SB BVI	Shanghai SINBON Electronics Co., Ltd. (SHSB)	Selling a wide variety of connectors and cables	100.00%	100.00%	100.00%	
SB BVI	Tong Cheng SINBON Electronics Co., Ltd. (TCSB)	Manufacturing and selling a wide variety of connectors, wires and cables	100.00%	100.00%	100.00%	
T-CONN	T-CONN Precision (Zhongshan) Co., Ltd.(T-CONN Zhongshan)	Manufacturing and selling a wide variety of connectors, wires and cables	57.45%	61.18%	61.18%	Note3
T-CONN	Super Progressive Ltd. (SPL)	Logistic center	57.45%	61.18%	61.18%	Note3
BJSB TongAn	Beijing SINBON Electronics Co., Ltd. (BJSB)	Manufacturing and selling a wide variety of connectors, wires and cables	85.53%	85.53%	92.86%	Note2
BJSB TongAn	ENMAGIC Renewable Energy Co., Ltd. (TWEM)	Manufacturing and selling a wide variety of connectors, wires and cables	85.53%	85.53%	92.86%	Note2
BJSB TongAn	Jiangsu ENMAGIC Energy Co., Ltd. (JSEM)	Manufacturing and selling a wide variety of connectors, wires and cables	85.53%	85.53%	92.86%	Note2
BJSB TongAn	Xuzhou ENMAGIC Energy Co., Ltd.(XZEM)	New energy technology development	85.53%	-	-	Note5
JSEM	Kunshan ENMAGIC Energy Co., Ltd. (KSEM)	Manufacturing and selling a wide variety of connectors, wires and cables	85.53%	85.53%	92.86%	Note2

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

Investor	Subsidiary	Main businesses	Percentage of ownership (%)			Note
			30 September 2021	31 December 2020	30 September 2020	
SINBON USA	Worldwide Wire Harnesse Co., Ltd.(SST)	Holding Company	50.00%	50.00%	50.00%	
SINBON USA	SINBON Circuits & Cables LLC (C&C)	Manufacturing and selling a wide variety of connectors, wires and cables	51.00%	51.00%	51.00%	
SST	SINBON Technologies Tennessee L.L.C. (STT)	Logistic Center	50.00%	50.00%	50.00%	

Note1： On 24 September 2020, BJSB TongAn renamed Beijing SINBON TongAn Renewable Energy Co., Ltd.

Note2： In December 2020, BJSB TongAn raised capital; however, the Group did not acquire shares according to the shareholding percentage. Therefore, its ownership dropped from 92.86% to 85.53%.

Note3： On 26 January 2021, T-CONN raised capital; however, the Group did not acquire shares according to the shareholding percentage. On 31 May 2021, the Group disposed of 1.41% interest in T-CONN. Therefore, its ownership dropped from 61.18% to 57.45%.

Note4： On 28 April 2021, the Company newly invested NT$6,804 thousand to establish SINTOP, and the Group directly holds 53.57% of the voting shares. Accordingly, SINTOP was consolidated.

Note5： On 30 April 2021, BJSB TongAn newly invested RMB6,000 thousand to establish XZEM, and the Group indirectly holds 85.53% of the voting shares. Accordingly, XZEM was consolidated.

The financial statements of some of the consolidated subsidiaries listed above had not been reviewed by auditors. As of 30 September 2021 and 30 September 2020, the related assets of the subsidiaries which were unreviewed by auditors amount to NT$7,389,687 thousand and NT$6,541,474 thousand, respectively, and the related liabilities amount to NT$2,871,830 thousand and NT$2,545,059 thousand, respectively. The comprehensive income of these subsidiaries amount to NT$147,854 thousand, NT$141,166 thousand, NT$493,490 thousand and NT$294,753 thousand for the three-month and nine-month periods ended 30 September 2021 and 2020, respectively.

(4) Foreign Currency Transactions

The Group’s consolidated financial statements are presented in New Taiwan Dollars (NT$), which is also the Company’s functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

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

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

(a) Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.

(b) Foreign currency items within the scope of IFRS 9 Financial Instruments are accounted for based on the accounting policy for financial instruments.

(c) Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

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

(5) Translation of Foreign Currency Financial Statements

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

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

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

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

(6) Current and non-current distinction

An asset is classified as current when:

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

All other assets are classified as non-current.

A liability is classified as current when:

(a) The Group expects to settle the liability in its normal operating cycle
(b) The Group holds the liability primarily for the purpose of trading
(c) The liability is due to be settled within twelve months after the reporting period
(d) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

(7) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term, highly liquid time deposits (including ones that have maturity within 3 months) or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(8) Financial instruments

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

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

(1)Financial instruments: Recognition and Measurement

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

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

A. the Group's business model for managing the financial assets

B. the contractual cash flow characteristics of the financial asset

Financial assets measured at amortized cost

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

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

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

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

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

Financial asset measured at fair value through other comprehensive income

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

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

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

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

(i) Purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

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

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

Financial asset measured at fair value through profit or loss

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

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

(2) Impairment of financial assets

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

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

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

The loss allowance is measured as follows:

A. At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Group measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.

B. At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.

C. For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

D. For lease receivables arising from transactions within the scope of IFRS 16, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

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

(3) Derecognition of financial assets

A financial asset is derecognized when:

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

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

(4) Financial liabilities and equity

<u>Classification between liabilities or equity</u>

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

Equity instruments

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

Compound instruments

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

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

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

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

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

Financial liabilities

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

Financial liabilities at fair value through profit or loss

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

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

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

inconsistency; or

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

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

Financial liabilities at amortized cost

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

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

Derecognition of financial liabilities

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

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

(5) Offsetting of financial instruments

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

(9) Derivative instrument

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

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

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

(10) Fair value measurement

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

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

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

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

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

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

(11) Inventories

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

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

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

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

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

(12) Investments accounted for under the equity method

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

Under the equity method, the investment in the associate or an investment in a joint venture is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate or joint venture. After the interest in the associate or joint venture is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the Group's related interest in the associate or joint venture.

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

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

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

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate or an investment in a joint venture is impaired in accordance with IAS 28 *Investments in Associates and Joint Ventures* (before 1 January 2021: IAS 39 *Financial Instruments: Recognition and Measurement*). If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 *Impairment of Assets*. In determining the value in use of the investment, the Group estimates:

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

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

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

(13) Property, plant and equipment

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

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

Items	Useful Lives
Buildings	5～50 years
Machinery and equipment	3～15 years
Transportation equipment	5～10 years
Office equipment	3～10 years
Other equipment	2～15 years
Leasehold improvements	Lower of leasehold years or useful lives

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

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

(14) Leases

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

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

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

<u>Group as a lessee</u>

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

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

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

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

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

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

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

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

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

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

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

For the rent concession arising as a direct consequence of the Covid-19 pandemic, the Group elected not to assess whether it is a lease modification but accounted it as a variable lease payment.

Group as a lessor

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

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

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

(15) Intangible assets

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

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

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

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

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

A summary of the policies applied to the Group's intangible assets is as follows:

	Computer software
Useful lives	1~15 years
Amortization method used	Amortized on a straight- line basis over the estimated useful life
Internally generated or acquired	Acquired

(16) Impairment of non-financial assets

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

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

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

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

(17) Provisions

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

Provision for decommissioning, restoration and rehabilitation costs

The provision for decommissioning, restoration and rehabilitation costs arose on construction of a property, plant and equipment. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognized as part of the cost of that particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognized as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

Provision for warranties

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

(18) Revenue recognition

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

Sale of goods

The Group manufactures and sells machinery. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. The main product of the Group are computer peripherals, connectors, wires and other parts and revenue is recognized based on the consideration stated in the contract.

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

The credit period of the Group's sale of goods is from 60 to 120 days, while the term for wind energy sales is receiving three-month term acceptance after a period of three-month from delivery due to industry characteristics. For most of the contracts, when the Group transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The Group usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contract. For some of the contracts, the Group has transferred the goods to customers but does not have a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets. In addition, in accordance with IFRS 9, the Group measures the loss allowance for a contract asset at an amount equal to the lifetime expected credit losses.

Rendering of services

The Group provides maintenance services for the sale of construction for solar photovoltaic power generation system. Such services are separately priced or negotiated, and provided based on contract periods.

Most of the contractual considerations of the Group are collected evenly throughout the contract periods. When the Group has performed the services to customers but does not has a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets. However, for some rendering of services contracts, part of the consideration was received from customers upon signing the contract, and the Group has the obligation to provide the services subsequently; accordingly, these amounts are recognized as contract liabilities.

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

(19) Borrowing costs

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

(20) Government grants

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

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

(21) Post-employment benefits

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

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

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

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

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

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

(22) Income taxes

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

Current income tax

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

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

Deferred tax

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

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

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

ii. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

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

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

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

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

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

(23) Business Combinations and Goodwill

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

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

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

Any contingent consideration to be transferred by the acquirer will be recognized at the acquisition-date fair value. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognized in accordance with IFRS 9 *Financial Instruments* (before 1 January 2021: IAS 39 "Financial Instruments: Recognition and Measurement" either in profit or loss or as a change to other comprehensive income. However, if the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

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

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

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

5. Significant accounting judgments, estimates and assumptions

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

(1) Judgement

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the consolidated financial statements:

De facto control without a majority of the voting rights in invested companies.

The Group does not have more than 50% of the voting rights and is the main shareholder in certain investees. After taking into consideration factors such as absolute size of the Group's holding, relative size of the other shareholdings, how widely spread the remaining shareholders are, contractual arrangements between shareholders, potential voting rights, etc., the Group reached the conclusion that it has material influence but does not have de facto control over these investees. Please refer to Note 6 (7) for further details.

(2) Estimates and assumptions

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

(a) Fair value of financial instruments

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

(b) Pension benefits

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

(c) Income tax

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

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

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

(d) Accounts receivables–estimation of impairment loss

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

(e) Inventories

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

6. Contents of significant accounts

(1) Cash and cash equivalents

	As of		
	30 September 2021	31 December 2020	30 September 2020
Cash on hand	$1,365	$13,520	$7,890
Demand deposits	3,476,069	4,251,855	2,481,190
Time deposits	399,899	185,000	517,818
Total	$3,877,333	$4,450,375	$3,006,898

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

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

	As of		
	30 September 2021	31 December 2020	30 September 2020
Financial assets mandatorily at fair value through profit or loss:			
Stocks	$151,344	$125,084	$115,965
Corporate bonds	57,372	57,204	56,778
Cross Currency swaps	1,587	-	-
Embedded derivative-bonds	353	-	-
Forward exchange contracts	73	958	-
Funds	-	69,372	71,061
Total	$210,729	$252,618	$243,804
Current	$210,376	$252,618	$243,804
Noncurrent	353	-	-
Total	$210,729	$252,618	$243,804

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

(3) Notes receivables

	As of		
	30 September 2021	31 December 2020	30 September 2020
Notes receivables arising from operating activities	$1,434,062	$1,264,482	$724,728
Notes receivables arising from non-operating activities	-	-	-
Subtotal (total carrying amount)	1,434,062	1,264,482	724,728
Less: loss allowance	-	-	-
Total	$1,434,062	$1,264,482	$724,728

Part of the Group’s notes receivable have been signed into with recourse contracts with financial institutions. Please refer to Note 12.

Notes receivables were not pledged.

The Group follows the requirement of IFRS 9 to assess the impairment. Please refer to Note 6(18) for more details on loss allowance and Note 12 for details on credit risk management.

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

(4) Trade receivables

	As of		
	30 September 2021	31 December 2020	30 September 2020
Trade receivables	$5,941,744	$6,371,477	$6,319,685
Less: loss allowance	(1,899)	(1,166)	(26,410)
Subtotal	5,939,845	6,370,311	6,293,275
Trade receivables from related parties	-	52	68,576
Total	$5,939,845	$6,370,363	$6,361,851

Trade receivables were not pledged.

Trade receivables are generally on 60-120 day terms, while the term for wind energy sales is receiving three-month term acceptance after a period of three-month from delivery due to industry characteristics. The total carrying amount are NT$5,941,744 thousand, NT$6,371,529 thousand and NT$6,388,261 thousand as of 30 September 2021, 31 December 2020 and 30 September 2020. Please refer to Note 6(18) for more details on loss allowance of trade receivables for nine-month periods ended 30 September 2021 and 2020. (Please refer to Note 12 for more details on credit risk management.)

(5) Inventories

	As of		
	30 September 2021	31 December 2020	30 September 2020
Raw materials	$2,861,598	$2,009,697	$1,756,234
Supplies & parts	50,913	42,058	43,104
Work in progress	704,691	594,959	694,413
Finished goods	2,433,228	1,662,189	1,657,364
Merchandise	2,795,002	1,855,796	1,579,307
Total	$8,845,432	$6,164,699	$5,730,422

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

The cost of inventories recognized in cost of goods sold for the three-month periods ended 30 September 2021 and 2020 were NT$4,976,376 thousand and NT$4,374,562 thousand; for the nine-month periods ended 30 September 2021 and 2020 were NT$14,148,560 thousand and NT$11,603,213 thousand, respectively. The price reduction (recovery) of inventories related to cost of goods sold were NT$(12,845) thousand and NT$10,770 thousand for the three-month periods ended 30 September 2021 and 2020; NT$(7,366) thousand and NT$50,991 thousand for the nine-month periods ended 30 September 2021 and 2020.

Gain from price recovery of inventories was due to the sale of obsolete products and the net realized value recovery in the third quarter of 2021.

Inventories were not pledged.

(6) Financial assets at fair value through other comprehensive income

	As of		
	30 September 2021	31 December 2020	30 September 2020
Equity instrument investments measured at fair value through other comprehensive income – Non-current			
Emerging companies stocks	$ -	$23,328	$29,302
Unlisted companies stocks	395,243	275,737	263,280
Total	$395,243	$299,065	$292,582

On the second quarter of 2021, the Group disposed NT$7,530 thousand in Gongwin Biopharm Holdings Co., Ltd., which were reported under equity instrument investments measured at fair value through other comprehensive income during the period. Upon derecognition, the fair value of the investments was NT$20,832 thousand, and the cumulative disposal gain of NT$13,302 thousand was transferred from other components of equity to retained earnings.

On 26 January 2021, the Group disposed of the unlisted stocks in Japan SINBON Electronics Co., Ltd., which were reported under equity instrument investments measured at fair value through other comprehensive income during the period. Upon derecognition, the fair value of the investments was NT$1,510 thousand, and the cumulative disposal loss of NT$556 thousand was transferred from other components of equity to retained earnings.

The paid-in capital returned as a result of liquidating Top Taiwan III Venture Capital Co., Ltd. in the third quarter of 2021 amounted to NT$777 thousand and the unrealized disposal loss of NT$4,914 thousand was transferred from other components of equity to retained earnings.

On 23 April 2021, the Group invested NT$75,000 thousand in SINTOP Energy I Corp. which were reported under equity instrument investments measured at fair value through other comprehensive income during the period.

The paid-in capital returned from capital reduction of Top Taiwan VII Venture Capital Co., Ltd. for the nine-month period ended 30 September 2021 amounted to NT$2,499 thousand.

On 26 May, 13 August and 11 September 2020, the Group disposed NT$1,947 thousand, NT$389 thousand and NT$701 thousand, in Gongwin Biopharm Holdings Co., Ltd., which were reported under equity instrument investments measured at fair value through other comprehensive income during the period. Upon derecognition, the fair value of the investments were NT$2,003 thousand, NT$675 thousand and NT$1,411 thousand and the cumulative disposal gain of NT$56 thousand, NT$286 thousand and NT$710 thousand were transferred from other components of equity to retained earnings.

On 25 May and 1 August 2020, the Group invested NT$32,716 thousand and NT$34,470 thousand in VAN MOOF Global Holding BV. which were reported under equity instrument investments measured at fair value through other comprehensive income during the period.

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

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

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

	3-month periods ended 30 September		9-month periods ended 30 September	
	2021	2020	2021	2020
Related to investments held at the end of the reporting period	$2,290	$1,092	$16,559	$20,688
Related to investments derecognized during the period	-	-	-	-
Dividends recognized during the period	$2,290	$1,092	$16,559	$20,688

(7) Investments accounted for using the equity method

The following table lists the investments accounted for using the equity method of the Group:

	As of					
	30 September 2021		31 December 2020		30 September 2020	
Investees	Carrying amount	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)
Investments in associates:						
Listed company						
Argocy Research Inc.	$719,150	20.35%	$715,375	20.41%	$643,007	20.41%
Unlisted companies						
Sardines Wisdom Technology Co., Ltd.	-	26.64%	-	26.64%	-	26.64%
Total	$719,150		$715,375		$643,007	

Because Sardines Wisdom Technology Co., Ltd. (Sardines Wisdom) suffered losses and the Group didn't intend to support Sardines Wisdom, the Group reduced the book value of the investment in Sardines Wisdom to zero through recognizing loss.

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

In the third quarter of 2021, the Group disposed of 0.06% interest in Argocy Research Inc. The cash consideration amounted to NT$4,980 thousand and the Group recognized gain on disposal of investment in the amount of NT$3,188 thousand. The cumulative disposal gain of NT$79 thousand was transferred from other components of equity to retained earnings and paid-in capital of NT$78 thousand was transferred to the profit and loss according to the disposal ratio.

On 20 May 2020, Top Taiwan IV Venture Capital Co., Ltd., was liquidated. On 27 September 2021, the paid-in capital returned from the liquidation in the amount of NT$5,886 thousand was received and the Group has recognized gain on disposal of investment in the amount of NT$315 thousand.

On 25 August 2020, Argocy Research Inc. raised capital. The Group invested additional NT$75,395 thousand; however, the Group did not acquire shares according to the shareholding percentage. Therefore, its ownership dropped from 21.40% to 20.41% and recognized capital surplus in the amount of NT$136,974 thousand.

The Group has 20.35% of the voting rights in Argocy Research Inc. However, the decision-making of Argocy Research Inc. must be resolved by the majority votes of the shareholders' meeting. Under such circumstances, the Group does not have the ability to unilaterally determine related activities of Argocy Research Inc. Therefore, it has material influence but does not have de facto control over Argocy Research Inc.

Fair value of the investment in the associate when there is a quoted market price for the investment: Argocy Research Inc. is a listed entity on the Taiwan Stock Exchange (TWSE). The fair value of the investment in Argocy Research Inc. was NT$1,617,478 thousand, NT$2,022,763 thousand and NT$1,903,236 thousand as of 30 September 2021, 31 December 2020 and 30 September 2020, respectively.

The Group's investments in Argocy Research Inc., and Sardines Wisdom Technology Co., Ltd. are not individually material. The aggregate financial information of the Group's share of its associates is as follows:

	3-month periods ended 30 September		9-month periods ended 30 September	
	2021	2020	2021	2020
Profit or loss from continuing operations	$42,996	$35,068	$98,382	$94,371
Other comprehensive income (post-tax)	(32,119)	25,591	10,239	43,576
Total comprehensive income	$10,877	$60,659	$108,621	$137,947

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

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

For the three-month and nine-month periods of 2021 and 2020, the carrying amount of investments accounted for under the equity method and the share of the profit or loss and other comprehensive income of these associates and joint ventures accounted for using the equity method amounts were based on unreviewed financial statements of the investees.

(8) Property, plant and equipment

	Land	Buildings	Machinery and equipment	Office equipment	Transportation equipment	Other equipment	Leasehold improvements	Construction in progress and equipment pending examination	Total
Cost:									
As of 1 January 2021	$171,952	$2,207,045	$1,267,574	$191,645	$32,264	$551,650	$24,275	$10,227	$4,456,632
Additions	-	8,393	157,690	11,201	724	67,580	1,677	40,858	288,123
Disposals	-	-	(17,428)	(5,019)	(1,446)	(135,804)	(1,467)	-	(161,164)
Exchange differences	(309)	(23,222)	(16,781)	(2,935)	(341)	(4,453)	(99)	(168)	(48,308)
Other changes	-	13,396	1,091	2,143	-	16,131	1,426	(32,086)	2,101
As of 30 September 2021	$171,643	$2,205,612	$1,392,146	$197,035	$31,201	$495,104	$25,812	$18,831	$4,537,384
As of 1 January 2020	$155,461	$1,691,163	$1,148,782	$177,345	$29,302	$314,996	$11,813	$192,624	$3,721,486
Additions	-	5,258	94,122	13,448	1,739	74,348	9,275	146,912	345,102
Disposals	-	(3,762)	(52,833)	(20,802)	(583)	(8,933)	-	-	(86,913)
Exchange differences	(314)	(19,588)	(17,144)	(2,932)	(329)	(3,335)	(152)	(2,123)	(45,917)
Other changes	-	174,883	3,526	3,150	-	7,145	-	(200,731)	(12,027)
As of 30 September 2020	$155,147	$1,847,954	$1,176,453	$170,209	$30,129	$384,221	$20,936	$136,682	$3,921,731

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

	Land	Buildings	Machinery and equipment	Office equipment	Transportation equipment	Other equipment	Leasehold improvements	Construction in progress and equipment pending examination	Total
Depreciation and impairment:									
As of 1 January 2021	$ -	$745,716	$657,850	$126,920	$19,609	$192,372	$12,436	$ -	$1,754,903
Depreciation	-	74,360	75,572	15,435	2,614	48,791	2,633	-	219,405
Disposals	-	-	(15,576)	(4,354)	(1,302)	(9,231)	(1,467)	-	(31,930)
Exchange differences	-	(7,448)	(8,784)	(2,118)	(223)	(2,369)	(98)	-	(21,040)
As of 30 September 2021	$ -	$812,628	$709,062	$135,883	$20,698	$229,563	$13,504	$ -	$1,921,338
As of 1 January 2020	$ -	$666,266	$588,006	$120,165	$16,704	$164,422	$11,106	$ -	$1,566,669
Depreciation	-	54,115	65,839	14,532	2,472	33,138	862	-	170,958
Disposals	-	(3,680)	(43,307)	(19,198)	(471)	(6,497)	-	-	(73,153)
Exchange differences	-	(5,275)	(8,076)	(1,945)	(195)	(1,830)	(150)	-	(17,471)
As of 30 September 2020	$ -	$711,426	$602,462	$113,554	$18,510	$189,233	$11,818	$ -	$1,647,003
Net carrying amount as at:									
30 September 2021	$171,643	$1,392,984	$683,084	$61,152	$10,503	$265,541	$12,308	$18,831	$2,616,046
31 December 2020	$171,952	$1,461,329	$609,724	$64,725	$12,655	$359,278	$11,839	$10,227	$2,701,729
30 September 2020	$155,147	$1,136,528	$573,991	$56,655	$11,619	$194,988	$9,118	$136,682	$2,274,728

Property, plant and equipment was not pledged.

There is no capitalization of interest due to purchase of property, plant and equipment.

Components of building that have different useful lives are the main building structure and air conditioning, which are depreciated over 50 years and 25 years, respectively.

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

(9) Other non-current assets

	As of		
	30 September 2021	31 December 2020	30 September 2020
Prepayment for equipment	$370,313	$160,936	$286,804
Long-term deferred charges	89,926	50,398	104,885
Prepayment for land	43,816	-	-
Refundable deposits	41,240	65,662	159,331
Other assets	16,643	46,968	754
Total	$561,938	$323,964	$551,774

No other non-current assets were pledged.

(10) Short-term loans

	As of		
	30 September 2021	31 December 2020	30 September 2020
Unsecured bank loans	$3,707,880	$3,061,501	$4,118,522

	9-month periods ended 30 September	
	2021	2020
Interest rates applied	0.53%-3.90%	0.57%-3.90%

The Group's unused short-term lines of credits amounted to NT$2,140,742 thousand, NT$2,162,887 thousand and NT$897,792 thousand as of 30 September 2021, 31 December 2020 and 30 September 2020, respectively.

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

(11) Financial liabilities at fair value through profit or loss

	As of		
	30 September 2021	31 December 2020	30 September 2020
Held for trading:			
Derivatives not designated as hedging Instruments			
Forward exchange contracts	$109	$ -	$ -
Cross currency swap	-	22,084	15,817
Embedded derivative-bonds	-	2,470	-
Foreign exchange contracts	-	28	-
Total	$109	$24,582	$15,817
Current	$109	$22,112	$15,817
Noncurrent	-	2,470	-
Total	$109	$24,582	$15,817

(12) Other payables

	As of		
	30 September 2021	31 December 2020	30 September 2020
Salaries payable	$478,102	$517,581	$428,515
Dividend payable	51,613	20,527	47,648
Other payables-other	774,174	756,470	610,625
Total	$1,303,889	$1,294,578	$1,086,788

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

(13) Bonds payable

	As of		
	30 September 2021	31 December 2020	30 September 2020
Liability component			
Principal amount	$1,178,300	$1,300,000	$ -
Discounts on bonds payable	(27,004)	(43,019)	-
Subtotal	1,151,296	1,256,981	-
Less: current portion	-	-	-
Net	$1,151,296	$1,256,981	$ -
Embedded derivative	$(353)	$2,470	$ -
Equity component	$130,279	$143,735	$ -

Issuance of convertible bonds:

On 15 December 2020, the Company issued the seventh zero coupon unsecured convertible bonds. The terms of the convertible bonds were evaluated to include a liability component, embedded derivatives (a call option and a put option) and an equity component (an option for conversion into issuer's ordinary shares). The terms of the bonds are as follows:

Issue amount: NT$1,300,000 thousand

Period: 15 December 2020 ~ 15 December 2023

Redemption clauses:

a. The Company may redeem the bonds, in whole or in part, after 3 months of the issuance (16 March 2021) and prior to 40 days before the maturity date (5 November 2023), at the principal amount of the bonds with an interest calculated at the rate of 0% per annum (early redemption conversion price) if the closing price of the Company's ordinary shares on the Taiwan Stock Exchange (TWSE) for a period of 30 consecutive trading days, is at least 130% of the conversion price.

b. The Company may redeem the bonds, in whole or in part, after 3 months of the issuance (16 March 2021)and prior to 40 days before the maturity date (5 November 2023), at the early redemption conversion price if at least 90% in principal amount of the bonds has already been exchanged, redeemed, purchased or cancelled.

c. The Company may redeem the bonds in cash, within 5 trading days after the base date of withdrawing the bonds as stated on the "Withdrawal of Convertible Bonds Notice", at the par value if the bondholders do not reply to the share affair agency in writing before the base date.

Reversal clauses:

a. The bondholders have the right to require the Company to redeem all or any portion of the bonds, 30 days prior to 2 year anniversary (15 December 2022) of the issuance, at the principal amount of the bonds with an interest calculated at the rate of 0.5% per annum.

Terms of Exchange:

a. Underlying Securities: Common shares of the Company

b. Exchange Period: The bonds are exchangeable at any time on or after 16 March 2021 and prior to 15 December 2023 into common shares of the Company.

c. Exchange Price and Adjustment: The exchange price was originally NT$203 per share. The exchange price will be subject to adjustments upon the occurrence of certain events set out in the indenture.

In accordance with IFRS 9, said financial instrument is classified as an embedded derivative so the exercise price of the embedded put option is allocated to the liability component and equity component. The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component. The difference between the equity component and the book value was recognized in profit or loss. The difference between the liability component and the book value was recognized in "Share premium-warrants".

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

The financial assets (liabilities) of convertible bonds are measured at amortized cost, fair value through profit or loss amounted to NT$353 thousand and NT$(2,470) thousand as of 30 September 2021 and 31 December 2020, respectively.

The convertible bonds that have already been converted were NT$121,700 thousand and NT$0 thousand as at 30 September 2021 and 31 December 2020 respectively.

(14) Long-term deferred revenue

	As of		
	30 September 2021	31 December 2020	30 September 2020
Beginning balance	$14,378	$14,612	$14,612
Amortization	(270)	(355)	(265)
Exchange differences	(154)	121	(154)
Ending balance	$13,954	$14,378	$14,193

	As of		
	30 September 2021	31 December 2020	30 September 2020
Deferred revenue - related to assets	$13,954	$14,378	$14,193

Government grants have been received for the purchase of certain items of property, plant and equipment. There are no unfulfilled conditions or contingencies attached to these grants.

(15) Post-employment benefits

Defined contribution plan

Expenses under the defined contribution plan for the three-month and nine-month periods ended 30 September 2021 and 2020 were NT$9,650 thousand, NT$8,945 thousand, NT$27,737 thousand and NT$25,459 thousand, respectively.

Defined benefits plan

Expenses under the defined benefits plan for the three-month and nine-month periods ended 30 September 2021 and 2020 were NT$1,800 thousand, NT$1,140 thousand, NT$5,180 thousand and NT$3,420 thousand, respectively.

(16) Equities

(a) Common stock

The Company's authorized capital was NT$4,500,000 thousand as of 30 September 2021, 31 December 2020 and 30 September 2020. The issued capital was NT$2,333,770 thousand, NT$2,327,775 thousand and NT$2,327,775 thousand in a total of 233,377 thousand shares, 232,778 thousand shares and 232,778 thousand shares, respectively. Each share has one voting right and a right to receive dividends.

The investors requested to convert the Company's convertible bonds into common stocks in the amount of NT$5,995 thousand in a total of 599 thousand shares from 1 January 2021 to 30 September 2021, and 535 thousand shares had completed the registration process as of 30 September 2021. As the registration process has not been completed, the accumulated book value of certificates of bond-to-stocks conversion amounted to NT$641 thousand in a total of 64 thousand shares as of 30 September 2021.

As of 1 January 2021, the accumulated book value of certificates of bond - to - stock conversion that had completed the registration process amounted to NT$1,457 thousand in a total of 146 thousand shares as of 31 March 2021.

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

(b) Capital surplus

	As of		
	30 September 2021	31 December 2020	30 September 2020
Additional paid-in capital	$1,373,454	$1,247,563	$1,247,563
Treasury share transactions	5,749	5,749	5,749
Share of changes in net assets of associates and joint ventures accounted for using the equity method	135,206	135,284	135,284
Difference between consideration received and carrying amount of interests in subsidiaries acquired/disposed of	22,183	(11,020)	(11,020)
Increase (decrease) through changes in ownership interests in subsidiaries	373,254	363,080	54,473
Premium from merger	705	705	705
Share options	130,279	143,735	-
Total	$2,040,830	$1,885,096	$1,432,754

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

(c) Retained earnings and dividend policies

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

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

As the Company is undergoing a growth stage, the policy of dividend distribution should reflect its long-term financial planning. The Board of Directors shall make the distribution proposal annually and present it at the Shareholder’s meeting every year. The distribution of shareholders dividend shall be allocated cash dividends to be distributed may not be less than 10% of total dividends to be distributed.

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

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

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

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

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

The Company did not reverse any special reserve as a result of use, disposal or reclassification of related assets during the nine-month periods ended 30 September 2021 and 2020.

Details of the 2020 and 2019 earnings distribution and dividends per share as resolved by the shareholders' meeting on 9 July 2021 and 12 June 2020, respectively, are as follows:

	Appropriation of earnings		Dividend per share(NT$)	
	2020	2019	2020	2019
Common stock -cash dividend	$1,467,504	$1,233,720	$6.3	$5.3
Legal reserve	213,221	172,624		
Special reserve	(81,494)	139,290		

Please refer to Note 6(20) for details on employees' compensation and remuneration to directors and supervisors.

(d) Non-controlling interests

	9-month periods ended 30 September	
	2021	2020
Beginning balance	$613,345	$279,806
Profit attributable to non-controlling interests	111,558	43,473
Other comprehensive income, attributable to non-controlling interests, net of tax:		
Exchange differences resulting from translating the financial statements of foreign operations	(5,387)	(10,917)
Unrealized gains (losses) on equity instruments measured at fair value through other comprehensive income	(241)	(12,732)
Acquisition of new shares in a subsidiary not in proportionate to ownership interest	28,325	142,362
Disposal of the shares of the subsidiary	8,747	(10,203)
Dividend distribution of the subsidiary	(49,270)	(48,679)
Acquisition of shares in a subsidiary	5,896	-
Ending balance	$712,973	$383,110

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

(17) Operating revenue

	3-month periods ended 30 September		9-month periods ended 30 September	
	2021	2020	2021	2020
Revenue from contracts with customers				
Sale of goods	$6,573,518	$5,843,394	$18,719,186	$15,522,231
Other operating revenue	105,867	54,819	341,953	147,312
Total	$6,679,385	$5,898,213	$19,061,139	$15,669,543

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

(1) Disaggregation of revenue

For the three-month period ended 30 September 2021

	Renewable Energy Business Unit	Industrial Business Unit	Medical Business Unit	Automotive Business Unit	iComponent Solution Business Unit	Total
Sale of goods	$945,784	$2,177,253	$597,856	$842,309	$2,010,316	$6,573,518
Other operating revenues	11,197	35,976	9,780	14,592	34,322	105,867
Total	$956,981	$2,213,229	$607,636	$856,901	$2,044,638	$6,679,385
Timing of revenue recognition:						
At a point in time	$956,981	$2,213,229	$607,636	$856,901	$2,044,638	$6,679,385
Over time	-	-	-	-	-	-
Total	$956,981	$2,213,229	$607,636	$856,901	$2,044,638	$6,679,385

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

For the three-month period ended 30 September 2020

	Renewable Energy Business Unit	Industrial Business Unit	Medical Business Unit	Automotive Business Unit	iComponent Solution Business Unit	Total
Sale of goods	$1,556,608	$1,957,876	$581,963	$508,946	$1,238,001	$5,843,394
Other operating revenues	15,261	18,162	5,351	4,745	11,300	54,819
Total	$1,571,869	$1,976,038	$587,314	$513,691	$1,249,301	$5,898,213
Timing of revenue recognition:						
At a point in time	$1,571,869	$1,976,038	$587,314	$513,691	$1,249,301	$5,898,213
Over time	-	-	-	-	-	-
Total	$1,571,869	$1,976,038	$587,314	$513,691	$1,249,301	$5,898,213

For the nine-month period ended 30 September 2021

	Renewable Energy Business Unit	Industrial Business Unit	Medical Business Unit	Automotive Business Unit	iComponent Solution Business Unit	Total
Sale of goods	$2,969,249	$6,507,076	$1,849,697	$2,087,674	$5,305,490	$18,719,186
Other operating revenues	32,507	127,847	36,342	41,017	104,240	341,953
Total	$3,001,756	$6,634,923	$1,886,039	$2,128,691	$5,409,730	$19,061,139
Timing of revenue recognition:						
At a point in time	$3,001,756	$6,634,923	$1,886,039	$2,128,691	$5,409,730	$19,061,139
Over time	-	-	-	-	-	-
Total	$3,001,756	$6,634,923	$1,886,039	$2,128,691	$5,409,730	$19,061,139

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For the nine-month period ended 30 September 2020

	Renewable Energy Business Unit	Industrial Business Unit	Medical Business Unit	Automotive Business Unit	iComponent Solution Business Unit	Total
Sale of goods	$3,930,025	$5,034,066	$1,625,322	$1,245,693	$3,687,125	$15,522,231
Other operating revenues	33,104	49,596	16,013	12,273	36,326	147,312
Total	$3,963,129	$5,083,662	$1,641,335	$1,257,966	$3,723,451	$15,669,543
Timing of revenue recognition:						
At a point in time	$3,963,129	$5,083,662	$1,641,335	$1,257,966	$3,723,451	$15,669,543
Over time	-	-	-	-	-	-
Total	$3,963,129	$5,083,662	$1,641,335	$1,257,966	$3,723,451	$15,669,543

(2) Contract balances

Contract liabilities - current

	As of			
	30 September 2021	31 December 2020	30 September 2020	1 January 2020
Sales of goods	$2,440,591	$1,677,711	$1,104,476	$964,723

During the nine-month period ended 30 September 2021 and 2020, contract increased as the consideration received from customers did not satisfy its performance obligations.

(3) Transaction price allocated to unsatisfied performance obligations

None.

(4) Assets recognized from costs to fulfil a contract

None.

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

(18) Expected credit losses (gains)

	3-month periods ended 30 September		9-month periods ended 30 September	
	2021	2020	2021	2020
Operation expense- Expected credit (gains) losses				
Trade receivables	$(6)	$ -	$1,826	$93

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

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

30 September 2021

	Not yet due	Overdue					
	(Note)	<=30 days	31-60 days	61-90 days	91-120 days	>=121 days	Total
Gross carrying amount	$7,184,329	$118,619	$16,899	$3,066	$4,068	$48,825	$7,375,806
Loss ratio	-%	-%	-%	-%	-%	3%-100%	
Lifetime expected credit losses	-	-	-	-	-	(1,899)	(1,899)
Carrying amount	$7,184,329	$118,619	$16,899	$3,066	$4,068	$46,926	$7,373,907

31 December 2020

	Not yet due	Overdue					
	(Note)	<=30 days	31-60 days	61-90 days	91-120 days	>=121 days	Total
Gross carrying amount	$7,361,627	$225,434	$25,369	$168	$1,220	$22,193	$7,636,011
Loss ratio	-%	-%	-%	-%	-%	5%-100%	
Lifetime expected credit losses	-	-	-	-	-	(1,166)	(1,166)
Carrying amount	$7,361,627	$225,434	$25,369	$168	$1,220	$21,027	$7,634,845

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

30 September 2020

	Not yet due (Note)	Overdue <=30 days	31-60 days	61-90 days	91-120 days	>=121 days	Total
Gross carrying amount	$6,812,198	$176,340	$71,647	$665	$3,616	$48,523	$7,112,989
Loss ratio	-%	-%	-%	-%	-%	30%-100%	
Lifetime expected credit losses	-	-	-	-	-	(26,410)	(26,410)
Carrying amount	$6,812,198	$176,340	$71,647	$665	$3,616	$22,113	$7,086,579

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

The movement in the provision for impairment of contract assets, note receivables, trade receivables and other receivables during the nine-month periods ended 30 September 2021 and 2020 is as follows:

	Note receivables	Trade receivables
As of 1 January 2021	$ -	$1,166
Write off	-	(1,089)
Addition/(reversal) for the current period	-	1,826
Exchange difference	-	(4)
As of 30 September 2021	$ -	$1,899
As of 1 January 2020	$ -	$27,176
Write off	-	(133)
Addition/(reversal) for the current period	-	93
Exchange difference	-	(726)
As of 30 September 2020	$ -	$26,410

(19) Leases

The Group is a lessee

The Group leases various properties, including real estate such as land and buildings, machinery and equipment, transportation equipment, office equipment and other equipment. The lease terms range from 1 to 16 years.

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

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

A. Amounts recognized in the balance sheet

(a) Right-of-use asset

The carrying amount of right-of-use assets

	As of		
	30 September 2021	31 December 2020	30 September 2020
Land	$33,299	$34,410	$34,002
Buildings	305,692	272,378	145,173
Machinery and equipment	17,890	25,361	17,470
Transportation equipment	17,304	21,450	23,248
Total	$374,185	$353,599	$219,893

During the nine-month periods ended 30 September 2021 and 2020, the Group's additions to right-of-use assets amounting to NT$102,209 thousand and NT$55,293 thousand, respectively.

(b) Lease liabilities

	As of		
	30 September 2021	31 December 2020	30 September 2020
Lease liability			
Current	$88,665	$77,830	$57,994
Non-Current	255,256	240,742	128,524
Total	$343,921	$318,572	$186,518

Please refer to Note 6 (21)(d) for the interest on lease liabilities recognized during the three-month and nine-month period ended 30 September 2021 and 2020 and refer to Note 12 (5) Liquidity risk management for the maturity analysis for lease liabilities as at 30 September 2021,31 December 2020 and 30 September 2020.

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

B. Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	3-month periods ended 30 September		9-month periods ended 30 September	
	2021	2020	2021	2020
Land	$245	$243	$742	$683
Buildings	20,677	12,055	59,811	36,970
Machinery and equipment	2,155	975	6,544	2,849
Transportation equipment	2,500	2,620	7,792	7,929
Total	$25,577	$15,893	$74,889	$48,431

C. Income and costs relating to leasing activities

	3-month periods ended 30 September		9-month periods ended 30 September	
	2021	2020	2021	2020
The expenses relating to short-term leases	$7,862	$6,973	$21,741	$18,433

During the nine-month periods ended 30 September 2021 and 2020, there is no rent concession arising as a direct consequence of the Covid-19 pandemic.

D. Cash outflow related to lessee and lease activity

During the nine-month periods ended 30 September 2021 and 2020, the Group’s total cash outflows for leases amounting to NT$99,485 thousand and NT$71,587 thousand, respectively.

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

(20)Summary statement of employee benefits, depreciation and amortization expenses by function during the three-month and nine-month periods ended 30 September 2021 and 2020:

	3-month periods ended 30 September					
	2021			2020		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries	$481,067	$395,449	$876,516	$379,193	$347,295	$726,488
Labor and health insurance	47,510	56,228	103,738	34,873	45,301	80,174
Pension	3,430	8,020	11,450	2,992	7,093	10,085
Other employee benefits expense	34,992	25,957	60,949	23,957	20,619	44,576
Depreciation	60,149	39,490	99,639	45,991	29,812	75,803
Amortization	3,851	9,733	13,584	2,527	6,757	9,284

	9-month periods ended 30 September					
	2021			2020		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries	$1,442,159	$1,127,604	$2,569,763	$1,003,335	$1,052,246	$2,055,581
Labor and health insurance	131,678	165,531	297,209	82,497	115,315	197,812
Pension	9,849	23,068	32,917	8,015	20,864	28,879
Other employee benefits expense	87,067	67,485	154,552	60,185	52,264	112,449
Depreciation	178,607	115,687	294,294	125,319	94,070	219,389
Amortization	9,328	26,375	35,703	8,432	19,102	27,534

The number of employees for Company and its subsidiaries were 8,303 and 7,191 as of 30 September 2021 and 2020.

According to the Articles of Incorporation, 1% to 15% of profit of the current year is distributable as employees' compensation and no higher than 3% of profit of the current year is distributable as remuneration to directors and supervisors. However, the company's accumulated losses shall have been covered. The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition thereto a report of such distribution is submitted to the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

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Based on the profit of the nine-month period ended 30 September 2021, the Company estimated the amounts of the employees' compensation and remuneration to directors and supervisors for the nine-month period ended 30 September 2021 to be 1.21% and 0.79% of profit of the current nine-month period, respectively, recognized as employee benefits expense. As such, employees' compensation and remuneration to directors and supervisors for the three-month period ended 30 September 2021 amount to NT$8,000 thousand and NT$5,500 thousand respectively. Employees' compensation and remuneration to directors and supervisors for the nine-month period ended 30 September 2021 amount to NT$27,000 thousand and NT$17,500 thousand respectively. Based on the profit for the nine-month period ended 30 September 2020, the Company estimated the amounts of the employees' compensation and remuneration to directors and supervisors for the nine-month period ended 30 September 2020 to be 1.40% and 0.95% of profit of the current nine-month period, respectively, recognized as employee benefits expense. Employees' compensation and remuneration to directors and supervisors for the three-month period ended 30 September 2020 amount to NT$8,600 thousand and NT$5,700 thousand, respectively. Employees' compensation and remuneration to directors and supervisors for the nine-month period ended 30 September 2020 amount to NT$27,150 thousand and NT$18,400 thousand, respectively.

A resolution was passed at the board meeting held on 19 March 2021 to distribute NT$35,000 thousand and NT$20,000 thousand in cash as thousand of 2020, respectively. No material differences existed between the estimated amount and the actual distribution of the employee compensation and remuneration to directors and supervisors for the year ended 31 December 2020.

No material differences exist between the estimated amount and the actual distribution of the employee compensation and remuneration to directors and supervisors for the year ended 31 December 2020.

(21) Non-operating income and expenses

(a) Interest income

	3-month periods ended 30 September		9-month periods ended 30 September	
	2021	2020	2021	2020
Interest on bank deposits	$2,209	$1,791	$8,083	$8,402

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

(b) Other income

	3-month periods ended 30 September		9-month periods ended 30 September	
	2021	2020	2021	2020
Sample income	$8,695	$11,901	$48,393	$33,104
Dividend income	2,290	1,092	16,559	20,688
Other income - others	11,326	53,117	95,842	121,053
Total	$22,311	$66,110	$160,794	$174,845

(c) Other gains and losses

	3-month periods ended 30 September		9-month periods ended 30 September	
	2021	2020	2021	2020
Foreign exchange gains(losses), net	$3,579	$(67,952)	$(73,383)	$(92,679)
Gains on disposal of investments	3,503	-	3,503	-
(Losses)gains on disposal of property, plant and equipment	(895)	(1,441)	12,236	(3,726)
Gains(losses) of financial asset at fair value through profit or loss(Note1)	6,769	(10,948)	10,986	17,602
Gains (losses) of financial liabilities at fair value through profit or loss(Note2)	1,219	(7,920)	24,666	(7,907)
Other expense	(13,261)	(5,174)	(24,645)	(22,854)
Total	$914	$(93,435)	$(46,637)	$(109,564)

Note:

1. Balances were arising from financial assets mandatorily measured at fair value through profit or loss, including valuation adjustment, dividend income, interest income and exchange difference etc.
2. Balances were arising from held for trading financial liabilities, including valuation adjustment, interest expense and exchange difference etc.

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

(d) Finance costs

	3-month periods ended 30 September		9-month periods ended 30 September	
	2021	2020	2021	2020
Interest on loans from bank	$12,118	$10,797	$37,538	$27,247
Interest on bonds payable	4,148	-	12,938	10
Interest on lease liabilities	1,905	1,475	5,527	4,562
Total	$18,171	$12,272	$56,003	$31,819

(22) Components of other comprehensive income

For the three-month period ended 30 September 2021

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensiv income, net o tax
Not to be reclassified to profit or loss in subsequent periods:					
Unrealized gains or losses from equity instruments investments measured at fair value through other comprehensive income	$20,322	$ -	$20,322	$ -	$20,322
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(31,187)	-	(31,187)	-	(31,187)
To be reclassified to profit or loss in subsequent periods					
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(932)	-	(932)	-	(932)
Exchange differences resulting from translating the financial statements of a foreign operation	(6,815)	-	(6,815)	1,636	(5,179)
Total of other comprehensive income	$(18,612)	$ -	$(18,612)	$1,636	$(16,976)

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

For the three-month period ended 30 September 2020

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Unrealized gains or losses from equity instruments investments measured at fair value through other comprehensive income	$(19,017)	$ -	$(19,017)	$ -	$(19,017)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	25,521	-	25,521	-	25,521
To be reclassified to profit or loss in subsequent periods					
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	70	-	70	-	70
Exchange differences resulting from translating the financial statements of a foreign operation	96,482	-	96,482	(17,810)	78,672
Total of other comprehensive income	$103,056	$ -	$103,056	$(17,810)	$85,246

For the nine-month period ended 30 September 2021

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Unrealized gains or losses from equity instruments investments measured at fair value through other comprehensive income	$41,076	$ -	$41,076	$ -	$41,076
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	12,808	-	12,808	-	12,808
To be reclassified to profit or loss in subsequent periods:					
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(2,569)	-	(2,569)	-	(2,569)
Exchange differences resulting from translating the financial statements of a foreign operation	(114,486)	-	(114,486)	21,903	(92,583)
Total of other comprehensive income	$(63,171)	$ -	$(63,171)	$21,903	$(41,268)

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

For the nine-month period ended 30 September 2020

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Unrealized gains or losses from equity instruments investments measured at fair value through other comprehensive income	$(44,091)	$ -	$(44,091)	$ -	$(44,091)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	43,506	-	43,506	-	43,506
To be reclassified to profit or loss in subsequent periods:					
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	70	-	70	-	70
Exchange differences resulting from translating the financial statements of a foreign operation	(92,012)	-	(92,012)	17,154	(74,858)
Total of other comprehensive income	$(92,527)	$ -	$(92,527)	$17,154	$(75,373)

(24) Income tax

The major components of income tax expense (income) are as follows:

Income tax expense recognized in profit or loss

	3-month periods ended 30 September		9-month periods ended 30 September	
	2021	2020	2021	2020
Current income tax expense :				
Current income tax charge	$234,314	$184,110	$503,223	$532,832
Deferred tax expense:				
Deferred tax expense relating to origination and reversal of temporary differences	(101,726)	(29,895)	(21,391)	(59,976)
Total income tax expense	$132,588	$154,215	$481,832	$472,856

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

Income tax relating to components of other comprehensive income

	3-month periods ended 30 September		9-month periods ended 30 September	
	2021	2020	2021	2020
Deferred tax expense (income):				
Exchange differences on translation of foreign operations	$(1,636)	$17,810	$(21,903)	$(17,154)
Remeasurements of defined benefit plans	-	-	-	-
Income tax relating to components of other comprehensive income	$(1,636)	$17,810	$(21,903)	$(17,154)

Income tax charged directly to equity

	3-month periods ended 30 September		9-month periods ended 30 September	
	2021	2020	2021	2020
Current income tax expense (income):				
Realized gains (losses) from equity instruments investment	$ -	$ -	$(111)	$ -

The assessment of income tax returns

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

	The assessment of income tax returns
The Company	Assessed and approved up to 2019
Subsidiary- Kwan-Ze Corporation Ltd.	Assessed and approved up to 2019
Subsidiary- T-CONN Precision Co., Ltd.	Assessed and approved up to 2019
Subsidiary- Radbon Avionics Inc.	Assessed and approved up to 2019
Subsidiary- ENMAGIC Renewable Energy Co., Ltd.	Not yet assessed and approved

(25) Earnings per share

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

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

	3-month periods ended 30 September		9-month periods ended 30 September	
	2021	2020	2021	2020
(a) Basic earnings per share				
Profit attributable to ordinary equity holders of the Company	$661,171	$620,619	$1,884,287	$1,655,962
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	233,367	232,777	233,044	232,762
Basic earnings per share (NT$)	$2.83	$2.67	$8.09	$7.11
(b) Diluted earnings per share				
Profit attributable to ordinary equity holders of the Company	$661,171	$620,619	$1,884,287	$1,655,962
Add: Interest expense from convertible bonds	3,318	-	10,351	8
Profit attributable to ordinary equity holders of the Company after dilution	$664,489	$620,619	$1,894,638	$1,655,970
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	233,367	232,777	233,044	232,762
Effect of dilution:				
Convertible bonds (in thousands)	5,814	-	6,137	16
Employee compensation -stock (in thousands)	115	48	115	151
Weighted average number of ordinary shares outstanding after dilution (in thousands)	239,296	232,825	239,296	232,929
Diluted earnings per share (NT$)	$2.78	$2.67	$7.92	$7.11

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

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

(26) Business Combinations

Acquisition of issued shares of subsidiaries

T-CONN Precision Co., Ltd.(T-CONN) issued new shares on 26 January 2021, however the Group did not purchase the new shares according to its shareholding percentage, consequently the ownership interest in T-CONN was reduced to 58.86%. The Group received additional cash from the issuance of new shares in the amount of NT$38,499 thousand. The following table is a schedule of interest disposed of by T-CONN including changes in non-controlling interests:

	Amount
Additional cash received from the issuance of new shares	$(38,499)
Increase to non-controlling interests	28,325
Difference recognized in capital surplus or retained earning within equity	$(10,174)

Beijing SINBON TongAn Renewable Energy Co., Ltd. (BJSB TongAn) issued new shares on 1 January 2020, however the Group did not purchase the new shares according to its shareholding percentage, consequently the ownership interest in was reduced to 92.86%. The Group received additional cash from the issuance of new shares in the amount of NT$196,835 thousand. The following table is a schedule of interest disposed of by BJSB TongAn including changes in non-controlling interests:

	Amount
Additional cash received from the issuance of new shares	$(196,835)
Increase to non-controlling interests	142,362
Difference recognized in capital surplus or retained earning within equity	$(54,473)

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

7. Related party transactions

Information of the related parties that had transactions with the Group during the financial reporting period is as follows:

Name and nature of relationship of the related parties

Name of the related parties	Nature of relationship of the related parties
Argosy Research Inc.	Associate
Shanghai Huangze Electronic Co., Ltd.	Substantive related party

Significant transactions with related parties

(a) Sales

	3-month periods ended 30 September		9-month periods ended 30 September	
	2021	2020	2021	2020
Associates				
Others	$ -	$14,211	$70	$164,266

The sales price to the above related parties was determined through mutual agreement based on the market rates. The collection periods were month-end 60~120 days, while the term for wind energy sales is receiving three-month term acceptance after a period of three-month from delivery due to industry characteristics. The outstanding balance as of 30 September 2021 and 2020 was unsecured, non-interest bearing and must be settled in cash. The receivables from the related parties were not guaranteed.

(b) Purchases

	3-month periods ended 30 September		9-month periods ended 30 September	
	2021	2020	2021	2020
Other related parties				
Others	$ -	$ -	$46	$30

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

The purchase price from the above related parties was determined through mutual agreement based on the market rates. The payment terms from the related party suppliers are comparable with third party suppliers and are set between one to four months.

(c) Amounts owed by related parties

	As of		
	30 September 2021	31 December 2020	30 September 2020
Associates			
Others	$ -	$52	$68,576

(d) Others Receivable-Related Parties

	As of		
	30 September 2021	31 December 2020	30 September 2020
Associates			
Others	$ -	$12	$ -

(e) Key management personnel compensation

	3-month periods ended 30 September		9-month periods ended 30 September	
	2021	2020	2021	2020
Short-term employee benefits	$61,506	$63,067	$197,525	$184,835
Post-employment benefits	11,450	10,085	32,917	28,879
Total	$72,956	$73,152	$230,442	$213,714

8. Assets pledged as security

None.

9. Significant contingencies and unrecognized contract commitments

(a) The Company provided guarantees for subsidiaries' financing to banks for the nine-month period ended 30 September 2021. Please refer to Note 13.1(2).

(b) As of 30 September 2021 and 2020, the Group was issued letters of guarantee by banks in the amount of NT$8,300 thousand and NT$9,000 thousand for importing goods, respectively.

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

10. Significant disaster loss

None.

11. Significant subsequent events

None.

12. Others

(1)Categories of financial instruments

Financial assets

	As of		
	30 September 2021	31 December 2020	30 September 2020
Financial assets at fair value through profit or loss:			
Mandatorily measured at Fair value through profit or loss	$210,729	$252,618	$243,804
Financial assets at fair value through other comprehensive income	395,243	299,065	292,582
Financial assets measured at amortized cost (Note)	11,518,765	12,268,661	10,278,831
Total	$12,124,737	$12,820,344	$10,815,217

Financial liabilities

	As of		
	30 September 2021	31 December 2020	30 September 2020
Financial liabilities at amortized cost:			
Short-term loans	$3,707,880	$3,061,501	$4,118,522
Notes and accounts payable	6,044,345	5,366,226	5,235,879
Bonds payable (including current portion with maturity less than 1 year)	1,151,296	1,256,981	-
Long-term loans (including current portion with maturity less than 1 year)	311,404	311,730	12,578
Others payables	1,303,889	1,294,578	1,086,788
Lease liabilities	343,921	318,572	186,518
Subtotal	12,862,735	11,609,588	10,640,285
Financial liabilities at fair value through profit or loss:			
Held for trading	109	24,582	15,817
Total	$12,862,844	$11,634,170	$10,656,102

Note: Including cash and cash equivalents, notes receivable, trade receivables and other receivables.

(2)Financial risk management objectives and policies

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

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

(3)Market risk

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

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

Foreign currency risk

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

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

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

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

Interest rate risk

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

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including investments and borrowings with variable interest rates and interest rate swaps. At the reporting date, a change of 10 basis points of interest rate in a reporting period could cause the profit.

Pre-tax sensitivity analysis of changes in related risk factors for the nine-month periods ended 30 September 2021 and 2020 are as follows:

For the nine-month period ended 30 September 2021

Main Risk	Fluctuation	Sensitivity of profit/loss	Sensitivity of equity
Foreign currency risk	NTD/USD rate +/− 1%	+/−$34,605	+/−$57
	NTD/RMB rate +/− 1%	+/−$151	+/−$1,492
Interest rate risk	Market rate +/− 10 basis points	−/+$4,020	-

For the nine-month period ended 30 September 2020

Main Risk	Fluctuation	Sensitivity of profit/loss	Sensitivity of equity
Foreign currency risk	NTD/USD rate +/− 1%	+/−$24,940	+/−$225
	NTD/RMB rate +/− 1%	+/−$59	+/−$18,019
Interest rate risk	Market rate +/− 10 basis points	−/+$4,142	-

Equity price risk

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

At the reporting date, a change of 10% in the price measured at fair value through profit or loss of the listed equity securities, mandatorily measured at held for trading could increase/decrease the Group's profit for the nine-month periods ended 30 September 2021 and 2020 by NT$15,134 thousand and NT$11,597 thousand, respectively.

At the reporting date, a change of 10% in the price of the listed companies stocks classified as equity instruments investments measured at fair value through other comprehensive income could have an impact of NT$0 thousand and NT$2,930 thousand on the equity attributable to the Group for the nine-month periods ended 30 September 2021 and 2020, respectively.

Please refer to Note 12(9) for sensitivity analysis information of other equity instruments or derivatives that are linked to such equity instruments whose fair value measurement is categorized under Level 3.

(4) Credit risk management

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

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

As of 30 September 2021, 31 December 2020 and 30 September 2020, amounts receivables from top ten customers represented 36%, 50% and 45% of the total accounts receivables of the Group, respectively. The credit concentration risk of other accounts receivables is insignificant.

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

(5) Liquidity risk management

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

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

Non-derivative financial liabilities

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As of 30 September 2021					
Loans	$3,730,786	$306,775	$2,137	$ -	$4,039,698
Account payables	6,044,345	-	-	-	6,044,345
Convertible bonds	-	1,190,112	-	-	1,190,112
Lease liabilities	95,570	157,482	61,670	52,167	366,889
As of 31 December 2020					
Loans	$3,073,066	$307,886	$2,284	$ -	$3,383,236
Account payables	5,366,226	-	-	-	5,366,226
Convertible bonds	-	1,313,033	-	-	1,313,033
Lease liabilities	83,324	126,142	62,762	61,748	333,976
As of 30 September 2020					
Loans	$4,132,034	$7,896	$1,226	$ -	$4,141,156
Account payables	5,235,879	-	-	-	5,235,879
Lease liabilities	67,283	95,908	37,662	-	200,853

Derivative financial liabilities

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As of 30 September 2021					
Forward exchange contracts					
Net settlement - outflow	$(109)	$ -	$ -	$ -	$(109)
As of 31 December 2020					
Cross currency swaps					
Net settlement - outflow	$(22,084)	$ -	$ -	$ -	$(22,084)
Foreign exchange option contracts					
Net settlement - outflow	$(28)	$ -	$ -	$ -	$(28)
As of 30 September 2020					
Cross currency swap					
Net settlement - outflow	$(15,817)	$ -	$ -	$ -	$(15,817)

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

(6) Reconciliation of liabilities from financing activities

Reconciliation of liabilities for the nine-month period ended 30 September 2021:

	Short-term loans	Long-term loan(including maturity within a year)	Lease liabilities	Deposits received	Convertible bonds (including maturity within a year)	Total liabilities from financing activities
As of 1 January 2021	$3,061,501	$311,730	$318,572	$171	$1,256,981	$4,948,955
Cash Flow	646,379	(326)	(77,744)	(169)	-	568,140
No currency change	-	-	103,093	-	(105,685)	(2,592)
Currency change	-	-	-	-	-	-
As of 30 September 2021	$3,707,880	$311,404	$343,921	$2	$1,151,296	$5,514,503

Reconciliation of liabilities for the nine-month period ended 30 September 2020:

	Short-term loans	Long-term loan(including maturity within a year)	Lease liabilities	Deposits received	Total liabilities from financing activities
As of 1 January 2020	$2,728,412	$10,163	$182,945	$2	$2,921,522
Cash Flow	1,390,119	(2,961)	(53,154)	-	1,334,004
No currency change	(9)	5,376	56,727	-	62,094
Currency change	-	-	-	-	-
As of 30 September 2020	$4,118,522	$12,578	$186,518	$2	$4,317,620

(7) Fair values of financial instruments

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Group to measure or disclose the fair values of financial assets and financial liabilities:

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

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

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

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

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

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

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

(c) Fair value measurement hierarchy for financial instruments

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

(8) Derivative financial instruments

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

Cross currency swaps, forward exchange contract and foreign exchange option contracts

The Group entered into cross currency swaps, forward exchange contract and foreign exchange option contracts to manage its exposure to financial risk, but these contracts are not designated as hedging instruments. The table below lists the information related to cross currency swaps, forward exchange contract and foreign exchange option contracts:

Items (by contract)	Notional Amount (In thousands)			Contract Period
As of 30 September 2021				
Cross currency swaps		USD	21,000	From 06 January 2021 to 30 December 2021
Forward exchange contract	Sell USD	USD	1,490	From 01 July 2021 to 31 December 2021

Items (by contract)	Notional Amount (In thousands)			Contract Period
As of 31 December 2020				
Cross currency swaps		USD	24,000	From 3 January 2020 to 18 March 2021
Foreign exchange option contracts	Buy USD	USD	100	From 22 October 2020 to 22 January 2021
	Sell USD	USD	200	From 22 October 2020 to 22 January 2021
Forward exchange contracts	Sell USD	USD	1,950	From 18 January 2020 to 26 March 2021

Items (by contract)	Notional Amount (In thousands)			Contract Period
As of 30 September 2020				
Cross currency swaps		USD	25,000	From 03 January 2020 to 17 February 2021
Forward exchange contract		USD	2,350	From 06 July 2020 to 18 December 2021

Embedded derivatives

The embedded derivatives arising from issuing convertible bonds have been separated from the host contract and carried at fair value through profit or loss. Please refer to Note 6(13) for further information on this transaction.

The counterparties for the aforementioned derivatives transactions are well known local or overseas banks, as they have sound credit ratings, the credit risk is insignificant.

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

(9) Fair value measurement hierarchy

(a) Fair value measurement hierarchy

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

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

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

Level 3 – Unobservable inputs for the asset or liability

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

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

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

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

As of 30 September 2021

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Stocks	$151,344	$ -	$ -	$151,344
Cross currency swaps	-	1,587	-	1,587
Corporate Bonds	57,372	-	-	57,372
Embedded derivative-bond	-	353	-	353
Forward exchange contract	-	73	-	73
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	-	-	395,243	395,243
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Forward exchange contract	$ -	$109	$ -	$109

As of 31 December 2020

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Funds	$69,372	$ -	$ -	$69,372
Stocks	125,084	-	-	125,084
Corporate bonds	57,204	-	-	57,204
Forward exchange contracts	-	958	-	958
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	23,328	-	275,737	299,065
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Cross currency swaps	$ -	$22,084	$ -	$22,084
Foreign exchange option contracts	-	28	-	28
Embedded derivative-bonds	-	2,470	-	2,470

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

As of 30 September 2020

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Stocks	$115,965	$ -	$ -	$115,965
Funds	71,061	-	-	71,061
Corporate Bonds	-	56,778	-	56,778
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	29,302	-	263,280	292,582
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Cross currency swaps	$ -	$15,817	$ -	$15,817

Transfers between Level 1 and Level 2 during the period

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

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

	Assets
	At fair value through other comprehensive income
	Stocks
Beginning balances as of 1 January 2021	$275,737
Total gains and losses recognized for the nine-month period ended 30 September 2021:	
Amount recognized in OCI (presented in "Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income)	48,486
Acquisition for the nine-month period ended 30 September 2021	75,000
Disposal for the nine-month period ended 30 September 2021	(1,510)
The return of paid-in capital for capital reduction	(2,449)
Effect of currency	(21)
Ending balances as of 30 September 2021	$395,243

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

	Assets
	At fair value through other comprehensive income
	Stocks
Beginning balances as of 1 January 2020	$266,959
Total gains and losses recognized for the nine-month period ended 30 September 2020:	
Amount recognized in OCI (presented in "Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income)	(58,683)
Acquisition for the nine-month period ended 30 September 2020	67,186
The return of paid-in capital following liquidation	(12,141)
Effect of currency	(41)
Ending balances as of 30 September 2020	$263,280

Information on significant unobservable inputs to valuation

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

As of 30 September 2021

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
At fair value through profit or loss					
Stocks and others	Market approach	discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in increase (decrease) in the Group's profit or loss by NT$39,524 thousand

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

As of 31 December 2020

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
At fair value through profit or loss					
Stocks and others	Market approach	Discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in increase (decrease) in the Group's profit or loss by NT$27,574 thousand

As of 30 September 2020

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
At fair value through profit or loss					
Stocks and others	Market approach	discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in increase (decrease) in the Group's profit or loss by NT$26,328 thousand

Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy

The Group's Financial Department is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices. The Department analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies at each reporting date.

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

(c) Fair value measurement hierarchy of the Group's assets and liabilities not measured at fair value but for which the fair value is disclosed.

As at 30 September 2021

	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investments accounted for using the equity method(please refer to Note 6(7))	$1,617,478	$ -	$ -	$1,617,478

As of 31 December 2020

	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investments accounted for using the equity method(please refer to Note 6(7))	$2,022,763	$ -	$ -	$2,022,763

As at 30 September 2020

	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investments accounted for using the equity method(please refer to Note 6(7))	$1,903,236	$ -	$ -	$1,903,236

(10) Significant assets and liabilities denominated in foreign currencies

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

	As of 30 September 2021			As of 31 December 2020			As of 30 September 2020		
	Foreign currencies	Foreign exchange rate	NTD	Foreign currencies	Foreign exchange rate	NTD	Foreign currencies	Foreign exchange rate	NTD
Financial assets									
Monetary items:									
USD	$201,512	27.87	$5,615,322	$146,191	28.51	$4,167,612	$164,213	29.13	$4,782,878
RMB	781,956	4.31	3,371,705	1,086,993	4.36	4,738,373	976,775	4.28	4,177,247
EUR	9,073	32.34	293,384	4,758	35.06	166,791	5,489	34.17	187,560
Financial liabilities									
Monetary items:									
USD	77,125	27.87	2,149,156	61,778	28.51	1,761,179	77,814	29.13	2,266,410
RMB	743,857	4.31	3,207,425	599,886	4.36	2,614,998	554,045	4.28	2,369,410
EUR	1,100	32.34	35,557	919	35.06	32,228	404	34.17	13,789

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

The Group has a number of different functional currencies; therefore, we are unable to disclose the exchange loss and gain of monetary financial assets and financial liabilities under each foreign currency that has significant impact. The Group recognized NT$3,579 thousand, NT$(67,952) thousand, NT$(73,383) thousand and NT$(92,679) thousand for foreign exchange gain(loss) for the three-month and nine-month periods ended 30 September 2021 and 2020, respectively.

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

(11)Capital management

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

(12)Transfer of financial assets information

Part of the Group's notes receivable have been signed into with recourse contracts with financial institutions. Yet the Group transferred the cash flow rights of such receivables, the company still bear the credit risk that notes receivable can not be collected, which does not meet the derecognition of financial assets. The transaction related information is as follows:

As of 30 September 2021

Counterparty	Amount to be transferred	Amount have been advanced（Note）
China Construction Bank Jiangyin Branch	$197,630	$197,630
ICBC Anqing Tongcheng Branch	195,456	195,456
Bank of Ningbo Wuxi Branch	128,397	128,397
Branch Wuxi Jiangyin China Merchants Bank	76,800	76,800
CGB Wuxi Jiangyin Branch	43,119	43,119
HSBC Bank (China) Shanghai Company Limited	37,758	37,758
BOCOM Anqing Tongcheng Branch	6,899	6,899

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

As of 31 December 2020

Counterparty	Amount to be transferred	Amount have been advanced（Note）
BOCOM Beijing Development Zone Branch	$465,273	$465,273
ICBC Anqing Tongcheng Branch	95,335	95,335
Branch Wuxi Jiangyin China Merchants Bank	51,257	51,257
HSBC Bank (China) Shanghai Company Limited	44,681	44,681
BOCOM Anqing Tongcheng Branch	18,481	18,481
Bank of Ningbo Wuxi Branch	18,112	18,112

As of 30 September 2020

Counterparty	Amount to be transferred	Amount have been advanced（Note）
BOCOM Beijing Development Zone Branch	$161,963	$161,963
Bank of Ningbo Wuxi Branch	80,481	80,481
China Merchants Bank Wuxi Jiangyin Branch	60,943	60,943
BOCOM Anqing Tongcheng Branch	59,591	59,591
HSBC Bank (China) Shanghai Company Limited	23,688	23,688
ICBC Anqing Tongcheng Branch	7,270	7,270

Note: Recorded in short-term loans

13. Other disclosure

(1) Information at significant transactions

(a) Financing provided to others for the nine-month period ended 30 September 2021: Please refer to Attachment 1.

(b) Endorsement/Guarantee provided to others for the nine-month period ended 30 September 2021: Please refer to Attachment 2.

(c) Securities held as of 30 September 2021: Please refer to Attachment 3.

(d) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20 percent of the paid-in capital for the nine-month period ended 30 September 2021: None.

(e) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20 percent of the paid-in capital for the nine-month period ended 30 September 2021: None.

(f) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20 percent of the capital stock for the nine-month period ended 30 September 2021: None.

(g) Related party transactions for purchases and sales exceeding the lower of NT$100 million or 20 percent of the capital stock for the nine-month period ended 30 September 2021: Please refer to Attachment 4.

(h) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20 percent of capital stock as of the nine-month period ended 30 September 2021: Please refer to Attachment 5.

(i) Financial instruments and derivative transactions: Please refer to Note 12.(8).

(j) The business relationship, significant transactions and amounts between parent company and subsidiaries: Please refer to Attachment 6.

(2) Information on investees:

Names, locations, main businesses and products, original investment amount, investment as of 30 September 2021, net income (loss) of the investee company and investment income (loss) recognized as of 30 September 2021: Please refer to Attachment 7.

(3) Information on investments in mainland China

(a) Investment in Mainland China: Please refer to Attachment 8.

(b) Significant transactions through third regions with the investees in Mainland China: Please refer to Attachment 13.

(4)Information of major shareholders

As of 30 September 2021

Shares / Main shareholder	Number of shares	Percentage of ownership (%)
Fubon Life Insurance Co., Ltd.	13,125,000	5.62%

Note：

1. The main shareholder information in the table is calculated by the Taiwan Depository & Clearing Corporation on the last business day at the end of each quarter. The information included the total number of ordinary shares and special shares held by the shareholders who have completed the delivery without physical registration (including treasury shares) that reached 5%. The share capital stated in the Company's financial report and the number of shares actually delivered by the Company without physical registration may differ because the calculation bases were different.

2. If the above information included the shareholder's shares transferred to the trust, it will be disclosed by the trustee who opened the trust account individually. As for shareholders who declared insider equity holding for more than 10% in accordance with the Securities Exchange Act, such shareholdings shall include their shareholdings plus their shares that have been delivered to the trust and shares of the trust that they have control of. Please refer to the information on insider equity declaration in the "Market Observation Post System" on the website of the TWSE.

14. Segment information

For management purposes, the Group is organized into business units based on their products and services and has three reportable operating segments as follows:

(1) New Energy Business Unit: The segment focuses on the development, manufacturing and sales of cable assembly and control modules for green energy industries such as solar photovoltaic, wind power and offshore wind power.

(2) Industrial Application Business Unit: The segment focuses on the development, manufacturing and sales of industrial application products such as robot arm control cable assemblies, control cabinet cable assemblies and panel connection cables.

(3) Medical Health Business Unit: This segment is responsible for the development, manufacture and sale of medical equipment cables such as electrocardiographs, oximeters and X-ray wiring harnesses.

(4) Automotive Business Unit: The segment focuses on the development, manufacturing and sales of electric vehicle charging guns and charging piles, automotive oxygen sensors and parking-related equipment cables.

(5) iComponent Solution Business Unit: The segment focuses on the development, manufacturing and sales of communication related cables such as smart phones, smart wearable devices and VR /AR HMD devices.

Operating segments have been aggregated to be reported as aforementioned operating segments.

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

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

Information on profit or loss of the reportable segment for the three-month and nine-month periods ended 30 September 2021 and 2020 were as of:

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

3-month period ended 30 September 2021

	Renewable Energy Business Unit	Industrial Business Unit	Medical Business Unit	Automotive Business Unit	iComponent Solution Business Unit	Reconciliation and Eliminated (Note)	Total
Revenue							
External customer	$956,981	$2,213,229	$607,636	$856,901	$2,044,638	$ -	$6,679,385
Inter-segment	5,165	1,193,507	327,724	461,753	1,102,037	(3,090,186)	-
Total revenue	$962,146	$3,406,736	$935,360	$1,318,654	$3,146,675	$(3,090,186)	$6,679,385
Segment profit	$38,916	$388,147	$108,915	$116,790	$175,013	$ -	$827,781

Note: Inter-segment revenues were eliminated when consolidated.

3-month period ended 30 September 2020

	Renewable Energy Business Unit	Industrial Business Unit	Medical Business Unit	Automotive Business Unit	iComponent Solution Business Unit	Reconciliation and Eliminated (Note)	Total
Revenue							
External customer	$1,571,869	$1,976,038	$587,314	$513,691	$1,249,301	$ -	$5,898,213
Inter-segment	8,091	1,260,463	391,251	362,299	1,008,493	(3,030,597)	-
Total revenue	$1,579,960	$3,236,501	$978,565	$875,990	$2,257,794	$(3,030,597)	$5,898,213
Segment profit	$205,637	$477,915	$158,149	$14,917	$(52,404)	$ -	$804,214

Note: Inter-segment revenues were eliminated when consolidated.

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

9-month period ended 30 September 2021

	Renewable Energy Business Unit	Industrial Business Unit	Medical Business Unit	Automotive Business Unit	iComponent Solution Business Unit	Reconciliation and Eliminated (Note)	Total
Revenue							
External customer	$3,001,756	$6,634,923	$1,886,039	$2,128,691	$5,409,730	$ -	$19,061,139
Inter-segment	9,996	3,567,728	1,014,160	1,144,639	2,908,918	(8,645,441)	-
Total revenue	$3,011,752	$10,202,651	$2,900,199	$3,273,330	$8,318,648	$(8,645,441)	$19,061,139
Segment profit	$161,594	$1,179,977	$355,791	$273,214	$507,101	$ -	$2,477,677

Note: Inter-segment revenues were eliminated when consolidated.

9-month period ended 30 September 2020

	Renewable Energy Business Unit	Industrial Business Unit	Medical Business Unit	Automotive Business Unit	iComponent Solution Business Unit	Reconciliation and Eliminated (Note)	Total
Revenue							
External customer	$3,963,129	$5,083,662	$1,641,335	$1,257,966	$3,723,451	$ -	$15,669,543
Inter-segment	13,419	2,476,167	803,584	653,460	1,976,381	(5,923,011)	-
Total revenue	$3,976,548	$7,559,829	$2,444,919	$1,911,426	$5,699,832	$(5,923,011)	$15,669,543
Segment profit	$544,369	$911,355	$305,160	$118,726	$292,681	$ -	$2,172,291

Note: Inter-segment revenues were eliminated when consolidated.

Information on assets and liabilities of the reportable segment as of 30 September 2021, 31 December 2020 and 30 September 2020 are as follows:

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

Segment assets:

	Renewable Energy Business Unit	Industrial Business Unit	Medical Business Unit	Automotive Business Unit	iComponent Solution Business Unit	Reconciliation and Eliminated (Note)	Total
30 September 2021	$4,383,862	$13,689,617	$3,891,402	$4,392,057	$11,161,715	$(11,365,942)	$26,152,711
31 December 2020	$5,659,129	$11,544,321	$3,549,290	$3,657,574	$10,221,304	$(10,948,575)	$23,683,043
30 September 2020	$4,354,508	$14,767,534	$4,944,788	$1,923,828	$4,742,581	$(9,944,933)	$20,788,306

Segment liabilities:

	Renewable Energy Business Unit	Industrial Business Unit	Medical Business Unit	Automotive Business Unit	iComponent Solution Business Unit	Reconciliation and Eliminated (Note)	Total
30 September 2021	$2,176,207	$6,679,087	$1,898,593	$2,142,860	$5,445,737	$(2,600,517)	$15,741,967
31 December 2020	$3,334,093	$5,288,722	$1,626,013	$1,675,620	$4,682,617	$(2,692,155)	$13,914,910
30 September 2020	$2,774,671	$6,925,935	$2,319,093	$902,270	$2,224,258	$(2,834,010)	$12,312,217

Attachment 1: Financing provided to others for the nine-month period ended 30 September 2021

No.	Lender (Note 1)	Counterparty	Financial statement account	Related Party	Maximum balance for the period	Ending balance	Actual amount provided	Interest rate	Nature of financing	Amount of sales to (purchases from) counter-party	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit of financing amount for individual counter-party (Note2)	Limit of total financing amount (Note3)
													Item	Value		
0	The Company	SB Hungary	Other receivables	Y	$103,165	$97,011	$ -	0.00%	Note 4	$ -	Need for operating	$ -	-	$ -	$969,777	$3,879,108
1	KSEM	JSEM	Other receivables	Y	$5,277	$5,174	$ -	0.00%	Note 4	$-	Need for operating	$ -	-	$ -	$5,591	$5,591
2	BJSB	JSEM	Other receivables	Y	$43,973	$43,119	$43,119	0.00%	Note 4	$-	Need for operating	$ -	-	$ -	$94,341	$94,341
2	BJSB	XZEM	Other receivables	Y	$43,318	$43,119	$6,468	0.00%	Note 4	$ -	Need for operating	$ -	-	$ -	$94,341	$94,341

Note 1: The above transations were all made between consolidated entities in the Group and have been reversed.

Note 2: Total financing limit for individual counterparty was set at 10% of the lender's net worth of the financial which were reviewed by independent accountants as of 30 September 2021.

The Company: $9,697,771*10%=$969,777

Total financing limit for individual counterparty was set at 40% of the lender's net worth of the financial which were not reviewed by independent accountants as of 30 September 2021.

KSEM: $13,978*40%=$5,591

BJSB: $235,852*40%=$94,341

Note 3: Total financing limit for individual counterparty was set at 40% of the lender's net worth of the financial report which were audited by independent accountants as of 30 September 2021.

The Company: $9,697,771*40%=$3,879,108

Total financing limit for individual counterparty was set at 40% of the lender's net worth of the financial which were not reviewed by independent accountants as of 30 September 2021.

KSEM: $13,978*40%=$5,591

BJSB: $235,852*40%=$94,341

Note 4: For short-term financing.

Attachment 2: Endorsement/Guarantee provided to others for the nine-month period ended 30 September 2021

No. (Note 1)	Endorsor/ Guarantor	Receiving party		Limit of guarantee/endorsement amount for receiving party (Note 3)	Maximum balance for the period	Ending balance	Actual amount provided	Amount of collateral guarantee/ endorsement	Percentage of accumulated guarantee amount to net assets value from the latest financial statement	Limit of total guarantee/ endorsement amount (Note 4)	Parent company's guarantee/ endorsement amount to subsidiaries (Note 5)	Subsidiaries' guarantee/ endorsement amount to parent company (Note 5)	Guarantee/ endorsement amount to company in Mainland China (Note 5)
		Company name	Releationship (Note 2)										
0	The Company	SHSB	2	$3,879,108	$42,797	$41,799	$ -	none	0.43%	$9,697,771	Y	N	Y
0	The Company	SZSB	2	$3,879,108	$14,265	$13,933	$ -	none	0.14%	$9,697,771	Y	N	Y
0	The Company	TCSB	2	$3,879,108	$545,681	$536,054	$169,026	none	5.53%	$9,697,771	Y	N	Y
0	The Company	JYSB	2	$3,879,108	$641,948	$626,985	$388,071	none	6.47%	$9,697,771	Y	N	Y
0	The Company	SINBON USA	2	$3,879,108	$14,265	$13,933	$8,360	none	0.14%	$9,697,771	Y	N	N
0	The Company	SB Hungary	2	$3,879,108	$308,740	$296,544	$213,425	none	3.06%	$9,697,771	Y	N	N
0	The Company	C&C	2	$3,879,108	$256,779	$250,794	$168,589	none	2.59%	$9,697,771	Y	N	N
0	The Company	Radbon	2	$2,909,331	$150,000	$150,000	$74,300	none	1.55%	$9,697,771	Y	N	N
1	T-CONN	T-CONN Zhongshan	2	$282,797	$141,808	$125,397	$ -	none	17.74%	$706,992	N	N	Y

Note 1: The Company and its subsidiaries are coded as follows:

1. The Company is coded "0".
2. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: According to the "Guidelines Governing the Preparation of Financial Reports by Securities Issuers" issued by the R.O.C. Securities and Futures Bureau, receiving parties should be disclosed as one of the following:

1. A company with which it does business.
2. A company in which the public company directly and indirectly holds more than 50% of the voting shares.
3. A company that directly and indirectly holds more than 50% of the voting shares in the public company.
4. A company in which the public company holds, directly or indirectly, 90% or more of the voting shares.
5. A company that fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
6. A company that all capital contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages.
7. Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: Limit of guarantee/endorsement amount for foreign subsidiaries is 40% of the net worth of the financial report of the company reviewed by the certified public accountants as of 30 September 2021.

$9,697,771*40%=$3,879,108

Limit of guarantee/endorsement amount for domestic subsidiaries is 30% of the net worth of the financial report of the company reviewed by the certified public accountants as of 30 September 2021.

$9,697,771*30%=$2,909,331

Limit of guarantee/endorsement amount for T-CONN Zhongshan is 40% of the net worth of the financial of T-CONN which were not reviewed by the certified public accountants as of 30 September 2021.

$706,992*40%=$282,797

Note 4: Limit of total guarantee/ endorsement amount is 100% of the net worth of the financial report reviewed by the certified public accountants as of 30 September 2021.

Limit of total guarantee/ endorsement amount is 100% of the net worth of the financial report of T-CONN which were not reviewed by the certified public accountants as of 30 September 2021.

Note 5: "Y" for the listed (OTC) parent company guarantees/endorses for subsidiary, subsidiary guarantees/endorses for the listed (OTC) parent company or guarantee/endorse for companies in Mainland China.

Attachment 3: Securities held as of 30 September 2021. (Excluding subsidiaries, associates and joint ventures)

Holding Company	Type and name of securities	Relationship (Note 1)	Financial statement account	as of 30 September 2021				Note
				Shares	Carrying amount	Percentage of ownership (%)	Fair value	
The Company	Chengding Venture Capital Co., Ltd.	-	Financial assets measured at fair value through other comprehensive income- noncurrent	15,000,000 shares	$143,826	11.10%	$143,826	-
The Company	Top Taiwan Venture Capital Co., Ltd.	-	Financial assets measured at fair value through other comprehensive income- noncurrent	6,000,000 shares	87,595	7.50%	87,595	-
The Company	SINTOP Energy I Corp.	-	Financial assets measured at fair value through other comprehensive income- noncurrent	7,500,000 shares	52,523	15.00%	52,523	
Kwan-Ze	Chengding Venture Capital Co., Ltd.	-	Financial assets measured at fair value through other comprehensive income- noncurrent	5,000,000 shares	47,899	3.70%	47,899	-
The Company	Dynahz Technologies	-	Financial assets measured at fair value through other comprehensive income- noncurrent	2,771,670 shares	38,692	16.67%	38,692	-
The Company	Top Taiwan VII Venture Capital Co., Ltd.	-	Financial assets measured at fair value through other comprehensive income- noncurrent	887,755 shares	12,675	2.40%	12,675	
Kwan-Ze	Actmax Technologies Inc.	-	Financial assets measured at fair value through other comprehensive income- noncurrent	-	4,617	19.00%	4,617	-
The Company	VAN MOOF Global Holding BV	-	Financial assets measured at fair value through other comprehensive income- noncurrent	78,000 shares	3,161	0.50%	3,161	-
T-CONN	VAN MOOF Global Holding BV	-	Financial assets measured at fair value through other comprehensive income- noncurrent	78,000 shares	3,161	0.50%	3,161	-
SINBON USA L.L.C	HOTWIRE Development LLC	-	Financial assets measured at fair value through other comprehensive income- noncurrent	697,500 shares	865	5.00%	865	-
The Company	Bandrich, Inc.	-	Financial assets measured at fair value through other comprehensive income- noncurrent	330,000 shares	229	1.62%	229	-
The Company	Nextronics Engineering Corp.	-	Financial asset measured at fair value through profit or loss–current	3,009,000 shares	150,149	9.86%	150,149	-
The Company	Nextronics Engineering Corp. Private placement unsecured conversion bonds	-	Financial asset measured at fair value through profit or loss–current	600,000 shares	57,372	-	57,372	-
The Company	Trutankless, Inc.	-	Financial asset measured at fair value through profit or loss–current	25,000 shares	1,045	0.26%	1,045	-
Kwan-Ze	Nextronics Engineering Corp.	-	Financial asset measured at fair value through profit or loss–current	3,000 shares	150	0.01%	150	-
			Total		$603,959			

Note 1: Not required if the issuer of securities is not a related party.

Attachment 4: Related party transactions for purchases and sales exceeding the lower of NT$100 million or 20 percent of the capital stock for the nine-month period ended 30 September 2021.

Related-party	Counterparty	Relationship	Intercompany Transactions				Details of non-arm's length transaction		Notes and accounts receivable (payable)		Note
			Purchases (Sales)	Amount	Percentage of total consolidated purchase (Sales)	Terms	Unit price	Terms	Carrying amount	Percentage of total consolidated receivables (payable)	
The Company	JYSB	Subsidiary	Purchase	$1,454,194	27.49%	Trading condition is the same as other supplier	N/A	N/A	$(471,387)	-29%	
HKSB	JYSB	Associates	Purchase	$2,016,318	44.97%	Trading condition is the same as other supplier	N/A	N/A	$(263,239)	-22%	
JYSB	The Company	Subsidiary	Purchase	$184,223	2.91%	Trading condition is the same as other supplier	N/A	N/A	$(65,905)	-3%	
SZSB	HKSB	Associates	Purchase	$183,309	71.84%	Trading condition is the same as other supplier	N/A	N/A	$(63,141)	-83%	
T-CONN	T-CONN Zhongshan	Associates	Purchase	$347,838	20.24%	Trading condition is the same as other supplier	N/A	N/A	$(83,440)	-10%	
BJSB TongAn	JSEM	Associates	Purchase	$265,490	19.53%	Trading condition is the same as other supplier	N/A	N/A	$(13,216)	-3%	
JYSB	SINBON USA	Associates	Purchase	$205,780	3.25%	Trading condition is the same as other supplier	N/A	N/A	$(19,220)	-1%	
JYSB	HKSB	Associates	Purchase	$105,978	1.67%	Trading condition is the same as other supplier	N/A	N/A	$(28,993)	-1%	
JYSB	T-CONN Zhongshan	Associates	Purchase	$137,980	2.18%	Trading condition is the same as other supplier	N/A	N/A	$(79,349)	-3%	

Attachment 5: Receivables from related parties with accounts exceeding the lower of NT$100 million or 20 percent of the capital stock as of 30 September 2021.

Related-party	Counterparty	Relationship	Amount	Average collection turnover	Overdue account receivable-related parties		Collection in subsequent period	Allowance for doubtful debts
					Amount	Processing method		
JYSB	The Company	The Company	$471,387	4.33	$ -	-	$158,577	$ -
JYSB	HKSB	Associates	$263,239	12.39	$ -	-	$782	$ -

Attachment 6: The business relationship, significant transactions and amounts between parent company and subsidiaries

No. (Note 1)	Related-party	Counter-party	Relationship with the Company (Note 2)	Transactions			
				Account	Amount	Terms	Percentage of consolidated operating revenues or consolidated total assets(Note3)
0	The Company	JYSB	1	Purchase	$1,454,194	(Note 4)	7.63%
1	JYSB	The Company	2	Sales	$1,454,194	(Note 4)	7.63%
2	HKSB	JYSB	3	Purchase	$2,016,318	(Note 4)	10.58%
1	JYSB	HKSB	3	Sales	$2,016,318	(Note 4)	10.58%
1	JYSB	The Company	2	Purchase	$184,223	(Note 4)	0.97%
0	The Company	JYSB	1	Sales	$184,223	(Note 4)	0.97%
3	SZSB	HKSB	3	Purchase	$183,309	(Note 4)	0.96%
2	HKSB	SZSB	3	Sales	$183,309	(Note 4)	0.96%
4	T-CONN	T-CONN Zhongshan	3	Purchase	$347,838	(Note 4)	1.82%
5	T-CONN Zhongshan	T-CONN	3	Sales	$347,838	(Note 4)	1.82%
6	BJSB TongAn	JSEM	3	Purchase	$265,490	(Note 4)	1.39%
7	JSEM	BJSB TongAn	3	Sales	$265,490	(Note 4)	1.39%
1	JYSB	SINBON USA	3	Purchase	$205,780	(Note 4)	1.08%
8	SINBON USA	JYSB	3	Sales	$205,780	(Note 4)	1.08%
1	JYSB	HKSB	3	Purchase	$105,978	(Note 4)	0.56%
2	HKSB	JYSB	3	Sales	$105,978	(Note 4)	0.56%
1	JYSB	T-CONN Zhongshan	3	Purchase	$137,980	(Note 4)	0.72%
5	T-CONN Zhongshan	JYSB	3	Sales	$137,980	(Note 4)	0.72%

Note 1: The Company is coded "0". The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: Transactions are categorized as follows:

1. The holding company to subsidiary
2. Subsidiary to holding company
3. Subsidiary to subsidiary

Note 3: The percentage with respect to the consolidated asset/liability for transactions of balance sheet items are based on each item's balance at period-end.
For profit or loss items, interim cumulative balances are used as basis.

Note 4: The sales price to the above related parties was determined through mutual agreement based on the market conditions.

Attachment 7: Names, locations, main businesses and products, original investment amount, investment as of 30 September 2021, net income (loss) of investee company and investment income (loss) recognized for the nine-month period ended 30 September 2021: (excluding investment in Mainland China)

Investor	Investee company (Note1)	Address	Main businesses and products	Initial Investment		Investment as of 30 September2021			Net income (loss) of investee company	Investment income (loss) recognized	Note
				Ending balance	Beginning balance	Number of shares	Percentage of ownership (%)	Book value			(Note 1)
The Company	HKSB	Hong Kong	Manufacturing and selling a wide variety of connectors, wires and cables.	HKD95,606,000 $401,262	HKD95,606,000 $401,262	-	100.00%	$993,795	$697,678	$697,678	Subsidiary
The Company	Kwan-Ze	New Taipei City, Taiwan	Holding company	$235,600	$235,600	25,200,000 shares	100.00%	$655,427	$86,591	$86,591	Subsidiary
The Company	SB BVI	British Virgin Islands	Holding company	USD45,021,000 $1,461,158	USD45,021,000 $1,461,158	-	100.00%	$4,649,321	$610,892	$610,892	Subsidiary
The Company	SINTOP	New Taipei City, Taiwan	Renewable energy investment management consulting business	$6,804	$ -	680,400 shares	53.57%	$7,898	$2,043	$1,094	Subsidiary
The Company	Argosy Technologies Co., Ltd.	Hsinchu City, Taiwan	Produce and sells a variety of electronic components, computers and peripheral equipment	$51,768	$51,768	3,174,598 shares	3.52%	$130,540	$482,199	$16,989	Investee under the equity method
The Company	SINBON USA LLC	4265 Gibson Dr., Tipp City , OH 45371, USA	Logistic center.	USD5,159,000 $161,943	USD5,159,000 $161,943	-	100.00%	$37,121	$(10,963)	$(10,963)	Subsidiary
The Company	SINBON Europe GmbH	Pfarrkirchen, Germany	Logistic center.	EUR5,209,000 $185,241	EUR5,209,000 $185,241	-	100.00%	$2,939	$1,732	$1,732	Subsidiary
The Company	Radbon Avionics Inc.	Miaoli County, Taiwan	Manufacturing and selling signal cables and cabin wiring.	$33,000	$33,000	5,280,000 shares	55.00%	$85,013	$53,029	$29,166	Subsidiary
The Company	T-CONN Precision	New Taipei City, Taiwan	Manufacturing and selling a wide variety of connectors, wires and cables.	$157,360	$166,066	20,602,286 shares	57.45%	$406,421	$185,936	$108,667	Subsidiary
The Company	SB Hungary	Hungary	Selling,Producting and Processing a wide variety of connectors and cables.	EUR12,264,000 $424,026	EUR11,364,000 $394,296	-	100.00%	$167,816	$(18,144)	$(22,929)	Subsidiary
T-CONN Precision	S P L	Mauritius	Logistic center.	$3,039	$3,039	-	100.00%	$5,015	USD(150,000) $(4,209)	$ -	Subsidiary
BJSB Tongan	TWEM	1F., No. 15, Ln. 588, Guohua Rd., Miaoli City, Miaoli County 36055, Taiwan (R.O.C.)	Produce and sells a wide variety of connectors and cables.	RMB10,405,000 $45,000	RMB2,308,000 $10,000	-	100.00%	RMB8,112,000 $3,500	RMB(1,473,000) $(6,397)	$ -	Subsidiary

Attachment 7: Names, locations, main businesses and products, original investment amount, investment as of 30 September 2021, net income (loss) of investee company and investment income (loss) recognized for the nine-month period ended 30 September 2021: (excluding investment in Mainland China)

Investor	Investee company (Note1)	Address	Main businesses and products	Initial Investment		Investment as of 30 September2021			Net income (loss) of investee company	Investment income (loss) recognized	Note
				Ending balance	Beginning balance	Number of shares	Percentage of ownership (%)	Book value			(Note 1)
SINBON USA LLC	SINBON Circuits & Cables LLC	815 South Brown School Road Vandalia, OH 45377, USA	Selling a wide variety of connectors and cables.	USD2,704,000	USD2,704,000	-	51.00%	USD575,000 $16,019	USD(459,000) $(12,881)	$ -	Subsidiary
SINBON USA L.L.C	Worldwide Wire Harnesses Co., Ltd.	Samoa	Logistic center.	USD75,000	USD75,000	-	50.00%	USD38,000 $1,064	USD140,000 $3,931	$ -	Subsidiary
Kwan-Ze	Argocy Research Inc.	Hsinchu City, Taiwan	Produce and sells a variety of electronic components, computers and peripheral equipment	$199,588	$201,451	15,164,152 shares	16.83%	$588,610	$482,199	$ -	Investee under the equity method
Worldwide Wire Harnesses Co., Ltd.	STT	U.S.A Tennessee	Logistic center.	USD140,000 $4,542	USD140,000 $4,542	-	100.00%	USD(174,000) $(4,841)	USD140,000 $3,931	$ -	Subsidiary
Argocy Research Inc.	Argosy Technology Inc.(USA)	U.S.A	Sell Multimedia related products, ODM and OED	$30,347	$30,347	-	100.00%	$ -	$ -	$ -	Investee under the equity method
Argocy Research Inc.	Argosy International B.V.	The Netherlands	Leasing operations and sell ODM and OED	$22,314	$22,314	-	100.00%	$15,122	$(54)	$ -	Investee under the equity method
Argocy Research Inc.	Ari International (Singapore)Pte.,Ltd. (AIS)	Singapore	Holding company	$32,697	$32,697	-	100.00%	$110	$(2,497)	$ -	Investee under the equity method
Argocy Research Inc.	Global Saber Electronics Co., Ltd.	Mauritius	Selling a wide variety of connectors and cables.	$ -	$ -	-	100.00%	$70,270	$330	$ -	Investee under the equity method
Argocy Research Inc.	ROTEC LIMITED	British Virgin Islands	Holding company	$472,647	$268,479	-	88.04%	$807,773	$2,166	$ -	Investee under the equity method
Global Saber Electronics Co., Ltd	ROTEC LIMITED	British Virgin Islands	Holding company	$72,918	$72,918	-	11.96%	$109,734	$2,166	$ -	Investee under the equity method

Note 1: （1）"Investee company", "Addres", "Main businesses and products", "Initial Investment"and "Investment as of 30 September 2021" shall be filled in the Company's investmet.

to the subsidiaries' re-investment in corresponding order, and indicate the relationship in the Notes.

（2）"Net income (loss) of investee company" shall be filled in net income (loss) of investee for the three-month period ended 30 September 2021.

（3）"Investment income (loss) recognized", shall be filled in only investment income (loss) under the equity method, and the investor shall confirm that its investment income (loss) includes the subsidiaries' re-investment.

Attachment 8: Investment in Mainland China

Investee company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of 1 January 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of 30 September 2021	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized	Carrying Value as of 30 September 2021	Accumulated Inward Remittance of Earnings as of 30 September 2021
					Outflow	Inflow						
BJSB	Manufacturing and selling a wide variety of connectors, wires and cables.	USD 4,450,000	Indirectly investment in Mainland China through remittance from a third region.	USD 1,020,000 $30,719	$ -	$ -	USD 1,020,000 $30,719	RMB1,099,000 $4,770	85.53%	RMB1,099,000 $4,080 Note 1	RMB54,698,000 $235,852	USD 11,030,000 $351,623
JYSB	Manufacturing and selling a wide variety of connectors, wires and cables.	USD 37,780,000	Indirectly investment in Mainland China through companies registered in a third region.	USD 22,050,000 $705,108	$ -	$ -	USD 22,050,000 $705,108	USD17,071,000 $479,423	100%	USD 17,071,000 $479,423 Note 1	USD125,635,000 $3,500,954	USD 39,976,000 $1,200,889
SHSB	Selling a wide variety of connectors, wires and cables.	USD 3,280,000	Indirectly investment in Mainland China through companies registered in a third region.	USD 1,700,000 $55,358	$ -	$ -	USD 1,700,000 $55,358	USD 1,293,000 $36,306	100%	USD 1,293,000 $36,306 Note 2	USD 6,914,000 $192,665	USD 2,887,000 $87,821
SZSB	Selling a wide variety of connectors, wires and cables.	USD 2,810,000	Indirectly investment in Mainland China through companies registered in a third region.	USD 2,750,000 $83,385	$ -	$ -	USD 2,750,000 $83,385	USD 989,000 $27,769	100%	USD 989,000 $27,769 Note 2	USD 9,478,000 $264,101	RMB32,400,000 $143,282
TCSB	Selling a wide variety of connectors, wires and cables.	USD14,000,000	Indirectly investment in Mainland China through companies registered in a third region.	USD 8,000,000 $248,003	$ -	$ -	USD 8,000,000 $248,003	USD 2,400,000 $67,391	100%	USD2,400,000 $67,391 Note 2	USD 24,264,000 $676,138	USD 196,000 $5,890
China Digital Library Corp.Ltd.	Technology development of computer software, transfer of technology, advisory service	RMB 88,600,000	Indirectly investment in Mainland China through companies registered in a third region.	USD 750,000	$ -	$ -	USD 750,000	$ -	4.85%	$ -	$ -	$ -
Argosy (Beijing) Technologies Co., Ltd.	Selling a wide variety of connectors, wires and cables.	RMB 5,000,000	Indirectly investment in Mainland China through companies registered in a third region.	USD 76,000	$ -	$ -	USD 76,000	$ -	12.00%	$ -	$ -	$ -
Wu Xi S&D	Manufacturing and selling new flat panel displays.	USD 4,000,000	Indirectly investment in Mainland China through companies registered in a third region.	USD 1,900,000 $61,823	$ -	$ -	USD 1,900,000 $61,823	$ -	-	$ -	$ -	$ -
Ning Bo Smart and Diligent Co., Ltd.	Manufacturing and selling a new Flat Panel Display.	USD 2,000,000	Indirectly investment in Mainland China through companies registered in a third region.	USD 1,140,000 $37,025	$ -	$ -	USD 1,140,000 $37,025	$ -	-	$ -	$ -	$ -

Attachment 8: Investment in Mainland China

Investee company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of 1 January 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of 30 September 2021	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized	Carrying Value as of 30 September 2021	Accumulated Inward Remittance of Earnings as of 30 September 2021
					Outflow	Inflow						
JY Sinact	Manufacturing and selling a wide variety of electronic materials.	USD 9,500,000	Indirectly investment in Mainland China through companies registered in a third region.	USD 5,266,000 $164,599	$ -	$ -	USD 5,266,000 $164,599	$ -	-	$ -	$ -	$ -
Shang Hai Comtek Electronics Trading Co., ltd.	Selling a wide variety of electronic materials.	USD 160,000	Indirectly investment in Mainland China through companies registered in a third region.	USD 104,000 $3,302	$ -	$ -	USD 104,000 $3,302	$ -	-	$ -	$ -	$ -
Dong Guan CMK	Manufacturing and selling a wide variety of connectors, wires and cables.	USD 1,000,000	Indirectly investment in Mainland China through companies registered in a third region.	USD 645,000 $20,768	$ -	$ -	USD 645,000 $20,768	$ -	-	$ -	$ -	$ -
T-CONN Zhongshan	Manufacturing and selling a wide variety of connectors, wires and cables.	USD9,300,000	Indirectly investment in Mainland China through companies registered in a third region.	USD 3,686,000 $117,529	$ -	$ -	USD 3,686,000 $117,529	$72,440	57.45%	$41,616 Note 2	$247,767	$ -
BJSB TongAn	Manufacturing and selling a wide variety of connectors, wires and cables.	RMB152,000,000	Indirectly investment in Mainland China through remittance from a third region.	USD 3,000,000 $89,134	$ -	$ -	USD 3,000,000 $89,134	$124,852	85.53%	$106,782 Note 1	$1,888,117	$1,184,728

Accumulated Investment in Mainland China as of 30 September 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
USD52,087,000	USD 53,420,000	N/A (Note 3)

Note 1: Based on the financial statements certificated by the public accountant of the parent company in Taiwan.

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

Note 3: According to No. Shen-Zi-09704604680 issued by Ministry of Economic Affairs, R.O.C., the Company's investment in Mainland China is not limited to 60% of net worth or consolidated net worth specified by the Investment Commission.