

QUANTA COMPUTER INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

**With Independent Auditors' Review Report
For the Nine Months Ended September 30, 2021 and 2020**

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The independent auditors' review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' review report and consolidated financial statements, the Chinese version shall prevail.

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Independent Auditors' Review Report

To the Board of Directors of Quanta Computer Inc.:

Introduction

We have reviewed the accompanying consolidated statements of financial position of Quanta Computer Inc. and its subsidiaries as of September 30, 2021 and 2020, and the related consolidated statements of comprehensive income for the three months and nine months ended September 30, 2021 and 2020, and changes in equity and cash flows for the nine months ended September 30, 2021 and 2020 and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards (“IASs”) 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with Statement of Auditing Standards 65, “Review of Financial Information Performed by the Independent Auditor of the Entity”. A review of the 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 the generally accepted auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As stated in Note 4 (b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect total assets amounting to TWD60,727,062 thousand and TWD62,752,549 thousand, constituting 8.93% and 9.93% of consolidated total assets as of September 30, 2021 and 2020, respectively, total liabilities amounting to TWD18,610,189 thousand and TWD16,651,876 thousand, constituting 3.55% and 3.41% of consolidated total liabilities as of September 30, 2021 and 2020, respectively, and total comprehensive income (loss) amounting to TWD581,030 thousand, TWD632,723 thousand, TWD1,331,770 thousand and TWD1,072,950 thousand, constituting 7.80%, 7.69%, 5.15% and 6.85% of consolidated total comprehensive income (loss) for the three months and the nine months ended September 30, 2021 and 2020, respectively.

Furthermore, as stated in Note 6 (h), the other equity accounted investments of Quanta Computer Inc. and its subsidiaries in its investee companies of TWD445,032 thousand and TWD541,199 thousand as of September 30, 2021 and 2020, respectively, and its equity in net earnings (loss) on these investee companies of TWD(15,187) thousand, TWD(5,738) thousand, TWD(39,096) thousand and TWD(30,358) thousand for the three months and the nine months ended September 30, 2021 and 2020, respectively, were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.



Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Quanta Computer Inc. and its subsidiaries as of September 30, 2021 and 2020, and of its consolidated financial performance for the three months and nine months ended September 30, 2021 and 2020, and its consolidated cash flows for the nine months ended September 30, 2021 and 2020, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IASs 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ review report are Wan-Wan Lin and Tsao-Jen Wu.

KPMG

Taipei, Taiwan (Republic of China)
November 12, 2021

Notes to Readers

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

The independent auditors’ review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors’ review report and consolidated financial statements, the Chinese version shall prevail.

QUANTA COMPUTER INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2021, DECEMBER 31, 2020, AND SEPTEMBER 30, 2020
(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		<u>September 30, 2021</u>		<u>December 31, 2020</u>		<u>September 30, 2020</u>					<u>September 30, 2021</u>		<u>December 31, 2020</u>		<u>September 30, 2020</u>	
ASSETS		Amount	%	Amount	%	Amount	%		LIABILITIES AND EQUITY		Amount	%	Amount	%	Amount	%
Current assets:									Current liabilities:							
1100	Cash and cash equivalents (Note (6)(a))	\$ 176,202,484	26	207,370,966	31	136,272,443	21	2100	Short-term borrowings (Notes (6)(d) and (6)(n))		\$ 183,994,378	27	164,902,580	25	146,015,229	23
1110	Current financial assets at fair value through profit or loss (Note (6)(b))	6,141,979	1	24,902,326	4	23,350,570	4	2110	Short-term notes and bills payable (Note (6)(m))		500,000	-	-	-	-	-
1120	Current financial assets at fair value through other comprehensive income (Note (6)(c))	8,619,210	1	6,993,599	1	5,738,242	1	2120	Current financial liabilities at fair value through profit or loss (Note (6)(b))		1,669	-	4,017	-	1,393	-
1172	Accounts receivable, net (Notes (6)(d) and (7))	221,218,760	33	198,919,765	30	220,221,245	35	2130	Current contract liabilities		53,069,463	8	53,923,819	8	53,964,654	9
1200	Other receivables, net (Notes (6)(d), (6)(e) and (7))	1,268,807	-	2,393,034	-	3,223,914	1	2170	Accounts payable (Note (7))		196,919,684	29	191,110,083	29	204,737,441	32
1310	Inventories (Note (6)(f))	191,576,084	28	149,213,853	22	160,590,459	25	2219	Other payables (Note (7))		37,921,844	6	41,787,851	6	32,802,903	5
1460	Non-current assets classified as held for sale, net (Note (6)(g))	437,023	-	287,364	-	-	-	2230	Current tax liabilities		8,415,546	1	8,121,145	1	9,844,275	2
1476	Other current financial assets (Note (8))	4,512,836	1	10,498,200	2	16,049,130	2	2250	Current provisions		304,766	-	309,284	-	321,900	-
1479	Other current assets, others	6,034,497	1	4,058,550	1	4,185,235	1	2280	Current lease liabilities (Note (6)(p))		727,995	-	662,587	-	780,310	-
		<u>616,011,680</u>	<u>91</u>	<u>604,637,657</u>	<u>91</u>	<u>569,631,238</u>	<u>90</u>	2305	Other current financial liabilities		7,534,714	1	6,128,044	1	6,761,803	1
	Non-current assets:							2320	Long-term liabilities, current portion (Note (6)(o))		501,955	-	5,620,000	1	19,747,200	3
1510	Non-current financial assets at fair value through profit or loss (Note (6)(b))	1,141,774	-	531,215	-	431,886	-	2365	Current refund liabilities		3,839,090	1	4,872,094	1	4,432,525	1
1517	Non-current financial assets at fair value through other comprehensive income (Note (6)(c))	1,463,839	-	1,417,000	-	1,717,873	-	2399	Other current liabilities, others		27,785	-	28,034	-	52,263	-
1550	Investments accounted for using equity method (Note (6)(h))	445,032	-	525,646	-	541,199	-				<u>493,758,889</u>	<u>73</u>	<u>477,469,538</u>	<u>72</u>	<u>479,461,896</u>	<u>76</u>
1600	Property, plant and equipment (Note (6)(i))	50,910,202	8	47,607,708	8	48,266,198	8	2540	Non-Current liabilities:							
1755	Right-of-use assets (Note (6)(j))	2,938,518	-	2,165,872	-	2,302,918	1	2570	Long-term borrowings (Note (6)(o))		24,343,545	4	31,916,400	5	7,076,200	1
1760	Investment property, net (Note (6)(k))	69,720	-	70,267	-	70,450	-	2580	Deferred tax liabilities		3,361,552	-	2,100,032	-	318,452	-
1780	Intangible assets (Note (6)(l))	832,418	-	829,477	-	884,085	-	2640	Non-current lease liabilities (Note (6)(p))		1,954,441	-	1,146,376	-	1,171,483	-
1840	Deferred tax assets	4,295,588	1	4,306,308	1	6,255,709	1	2670	Net defined benefit liability, non-current		787,871	-	800,844	-	791,330	-
1975	Net defined benefit asset, non-current	42,867	-	42,515	-	34,648	-		Other non-current liabilities, others		83,164	-	131,334	-	85,908	-
1980	Other non-current financial assets (Note (8))	266,119	-	232,678	-	244,702	-				<u>30,530,573</u>	<u>4</u>	<u>36,094,986</u>	<u>5</u>	<u>9,443,373</u>	<u>1</u>
1995	Other non-current assets, others	1,701,938	-	1,491,036	-	1,497,291	-		Total liabilities		<u>524,289,462</u>	<u>77</u>	<u>513,564,524</u>	<u>77</u>	<u>488,905,269</u>	<u>77</u>
		<u>64,108,015</u>	<u>9</u>	<u>59,219,722</u>	<u>9</u>	<u>62,246,959</u>	<u>10</u>		Equity attributable to owners of parent							
									(Note (6)(s)):							
									Share capital		38,626,274	6	38,626,274	6	38,626,274	6
									Capital surplus		14,114,051	2	14,102,181	2	14,105,166	2
									Retained earnings		105,676,007	15	101,464,401	15	92,874,270	15
									Other equity		(8,479,508)	(1)	(9,500,104)	(1)	(8,060,045)	(1)
									Treasury shares		(333,094)	-	(333,094)	-	(333,094)	-
									Total equity attributable to owners of parent		149,603,730	22	144,359,658	22	137,212,571	22
									Non-controlling interests		6,226,503	1	5,933,197	1	5,760,357	1
									Total equity		<u>155,830,233</u>	<u>23</u>	<u>150,292,855</u>	<u>23</u>	<u>142,972,928</u>	<u>23</u>
TOTAL ASSETS		<u>\$ 680,119,695</u>	<u>100</u>	<u>663,857,379</u>	<u>100</u>	<u>631,878,197</u>	<u>100</u>		TOTAL LIABILITIES AND EQUITY		<u>\$ 680,119,695</u>	<u>100</u>	<u>663,857,379</u>	<u>100</u>	<u>631,878,197</u>	<u>100</u>

See accompanying notes to financial statements.

QUANTA COMPUTER INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020
(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		For the Three Months Ended September 30,				For the Nine Months Ended September 30,			
		2021		2020		2021		2020	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenue (Notes (6)(u) and (7))	\$ 261,588,545	100	327,348,154	100	790,819,725	100	787,828,383	100
5000	Operating costs (Note (6)(f))	243,905,863	93	308,165,979	94	738,979,742	93	742,628,282	94
	Gross profit from operations	17,682,682	7	19,182,175	6	51,839,983	7	45,200,101	6
5910	Less: Unrealized profit from sales	6,076	-	4,446	-	6,076	-	4,446	-
5920	Add: Realized profit from sales	6,721	-	4,177	-	3,867	-	2,186	-
		17,683,327	7	19,181,906	6	51,837,774	7	45,197,841	6
	Operating expenses:								
6100	Selling expenses	2,023,650	1	2,327,755	1	6,691,514	1	5,791,122	1
6200	General and administrative expenses	1,783,381	1	1,812,528	1	5,243,461	1	5,084,967	1
6300	Research and development expenses	4,499,297	1	4,735,307	1	12,949,697	1	12,038,458	1
		8,306,328	3	8,875,590	3	24,884,672	3	22,914,547	3
	Net operating income	9,376,999	4	10,306,316	3	26,953,102	4	22,283,294	3
	Non-operating income and expenses:								
7100	Interest income (Note (6)(w))	578,171	-	966,919	-	1,883,423	-	3,307,111	-
7010	Other income (Note (6)(w))	42,670	-	43,403	-	177,637	-	51,056	-
7020	Other gains and losses, net (Notes (6)(w) and (7))	1,576,834	1	(93,511)	-	2,779,450	-	(1,085,252)	-
7050	Financial costs (Note (6)(w))	(260,954)	-	(369,712)	-	(863,129)	-	(1,755,675)	-
7060	Share of profit (loss) of associates accounted for using equity method (Note (6)(h))	(15,187)	-	(5,738)	-	(39,096)	-	(30,358)	-
		1,921,534	1	541,361	-	3,938,285	-	486,882	-
7900	Profit before tax	11,298,533	5	10,847,677	3	30,891,387	4	22,770,176	3
7950	Less: Tax expense (Note (6)(r))	1,725,624	1	2,821,204	1	6,033,669	1	6,125,546	1
	Profit	9,572,909	4	8,026,473	2	24,857,718	3	16,644,630	2
	Other comprehensive income (loss):								
8310	Components of other comprehensive income that will not be reclassified to profit or loss								
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(2,041,158)	(1)	754,586	-	1,823,737	-	324,297	-
8320	Shares of other comprehensive income of associates accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss (Note (6)(h))	-	-	(672)	-	-	-	(9,131)	-
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-	-	-	-	-
	Total components of other comprehensive income that will not be reclassified to profit or loss	(2,041,158)	(1)	753,914	-	1,823,737	-	315,166	-
8360	Components of other comprehensive income that will be reclassified to profit or loss								
8361	Exchange differences on translation	(81,919)	-	(554,513)	-	(811,390)	-	(1,295,981)	-
8370	Shares of other comprehensive income of associates accounted for using equity method, components of other comprehensive income that will be reclassified to profit and loss (Note (6)(h))	174	-	(246)	-	583	-	5,142	-
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-	-	-	-	-
	Total components of other comprehensive income that will be reclassified to profit or loss	(81,745)	-	(554,759)	-	(810,807)	-	(1,290,839)	-
	Other comprehensive income, net of income tax	(2,122,903)	(1)	199,155	-	1,012,930	-	(975,673)	-
8500	Total comprehensive income	\$ 7,450,006	3	8,225,628	2	25,870,648	3	15,668,957	2
	Profit attributable to:								
8610	Profit, attributable to owners of parent	\$ 9,371,895	4	7,871,158	2	24,370,059	3	16,702,389	2
8620	Profit, attributable to non-controlling interests	201,014	-	155,315	-	487,659	-	(57,759)	-
		\$ 9,572,909	4	8,026,473	2	24,857,718	3	16,644,630	2
	Comprehensive income attributable to:								
8710	Comprehensive income, attributable to owners of parent	\$ 7,279,432	3	8,086,406	2	25,387,527	3	15,847,879	2
8720	Comprehensive income, attributable to non-controlling interests	170,574	-	139,222	-	483,121	-	(178,922)	-
		\$ 7,450,006	3	8,225,628	2	25,870,648	3	15,668,957	2
	Earnings per share attributable to parent company (Note (6)(t))								
9750	Basic earnings per share (NT dollars)	\$ 2.43		2.04		6.32		4.33	
9850	Diluted earnings per share (NT dollars)	\$ 2.41		2.03		6.26		4.30	

See accompanying notes to financial statements.

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)
REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS
QUANTA COMPUTER INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020
(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Equity Attributable to Owners of Parent										
						Other Equity			Total Equity Attributable to Owners of Parent	Non-Controlling Interests	Total Equity
						Exchange Differences on Translation of Foreign Financial Statements	Unrealized Gains (Losses) from Financial Assets Measured at Fair Value Through Other Comprehensive Income	Treasury Shares			
Share Capital	Ordinary Share	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Retained Earnings						
Balance as of January 1, 2020	\$ 38,626,274	14,090,564	33,211,140	5,721,962	51,561,880	3,350,490	(10,587,405)	(333,094)	135,641,811	6,289,454	141,931,265
Profit	-	-	-	-	16,702,389	-	-	-	16,702,389	(57,759)	16,644,630
Other comprehensive income	-	-	-	-	-	(1,240,317)	385,807	-	(854,510)	(121,163)	(975,673)
Total comprehensive income	-	-	-	-	16,702,389	(1,240,317)	385,807	-	15,847,879	(178,922)	15,668,957
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	1,596,712	-	(1,596,712)	-	-	-	-	-	-
Special reserve appropriated	-	-	-	1,514,953	(1,514,953)	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(14,291,721)	-	-	-	(14,291,721)	-	(14,291,721)
Other changes in capital surplus:											
Changes in equity of subsidiaries accounted for using equity method	-	3,654	-	-	-	-	-	-	3,654	(3,595)	59
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	11,030	-	-	-	-	-	-	11,030	-	11,030
Changes in ownership interests in subsidiaries	-	(82)	-	-	-	-	-	-	(82)	82	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(346,662)	(346,662)
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	(31,380)	-	31,380	-	-	-	-
Balance as of September 30, 2020	\$ 38,626,274	14,105,166	34,807,852	7,236,915	50,829,503	2,110,173	(10,170,218)	(333,094)	137,212,571	5,760,357	142,972,928
Balance as of January 1, 2021	\$ 38,626,274	14,102,181	34,807,852	7,236,915	59,419,634	(342,907)	(9,157,197)	(333,094)	144,359,658	5,933,197	150,292,855
Profit	-	-	-	-	24,370,059	-	-	-	24,370,059	487,659	24,857,718
Other comprehensive income	-	-	-	-	-	(793,220)	1,810,688	-	1,017,468	(4,538)	1,012,930
Total comprehensive income	-	-	-	-	24,370,059	(793,220)	1,810,688	-	25,387,527	483,121	25,870,648
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	2,526,114	-	(2,526,114)	-	-	-	-	-	-
Special reserve appropriated	-	-	-	2,263,189	(2,263,189)	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(20,085,663)	-	-	-	(20,085,663)	-	(20,085,663)
Other changes in capital surplus:											
Changes in equity of subsidiaries and associates accounted for using equity method	-	(3,630)	-	-	(69,662)	-	-	-	(73,292)	38	(73,254)
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	15,500	-	-	-	-	-	-	15,500	-	15,500
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(189,853)	(189,853)
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	(3,128)	-	3,128	-	-	-	-
Balance as of September 30, 2021	\$ 38,626,274	14,114,051	37,333,966	9,500,104	58,841,937	(1,136,127)	(7,343,381)	(333,094)	149,603,730	6,226,503	155,830,233

See accompanying notes to financial statements.

QUANTA COMPUTER INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	For the Nine Months Ended September 30,	
	2021	2020
Cash flows from operating activities:		
Profit before tax	\$ 30,891,387	22,770,176
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	5,197,220	5,213,614
Amortization expense	931,171	933,294
Expected credit loss (gain)	190,615	(167,035)
Net gains on financial assets or liabilities at fair value through profit or loss	(310,385)	(32,745)
Interest expense	863,129	1,755,675
Interest income	(1,883,423)	(3,307,111)
Dividend income	(177,637)	(51,056)
Share of loss of associates accounted for using equity method	39,096	30,358
Loss on disposal of property, plant and equipment	354,302	902,725
Property, plant and equipment transferred to expense	233	96
Gain on disposal of non-current assets classified as held for sale	(27,324)	-
Gain on disposal of investments	-	(9)
(Gain) loss on disposal of investments accounted for using equity method	(12,599)	6,841
Reversal of impairment loss on non-financial assets	(529)	(74,241)
Unrealized foreign exchange loss	106,000	97,800
Other adjustments	(26,417)	(20,204)
Total adjustments to reconcile profit	5,243,452	5,288,002
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets at fair value through profit or loss, mandatorily measured at fair value	662,279	66,048
Accounts receivable	(25,376,621)	(25,342,947)
Other receivables	814,856	(860,629)
Inventories	(43,516,087)	(41,984,906)
Other current assets	(356,624)	(1,199,607)
Other financial assets	(408,188)	(435,860)
Net defined benefit assets	(352)	(947)
Total changes in operating assets	(68,180,737)	(69,758,848)
Changes in operating liabilities:		
Contract liabilities	(854,356)	6,778,700
Accounts payable	9,608,222	66,839,101
Other payables	(3,998,676)	4,815,689
Current provisions	(4,519)	(14,129)
Other financial liabilities	1,446,933	548,073
Other current liabilities	(1,032,026)	682,633
Net defined benefit liabilities	(12,973)	(306)
Other liabilities	2,210	2,260
Total changes in operating liabilities	5,154,815	79,652,021
Total changes in operating assets and liabilities	(63,025,922)	9,893,173
Total adjustments	(57,782,470)	15,181,175

See accompanying notes to financial statements.

QUANTA COMPUTER INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	For the Nine Months Ended September 30,	
	2021	2020
Cash (outflow) inflow generated from operations	\$ (26,891,083)	37,951,351
Interest received	2,165,539	3,849,400
Dividends received	177,637	51,056
Interest paid	(924,832)	(2,013,314)
Income taxes paid	(6,100,605)	(5,485,060)
Net cash (used in) from operating activities	(31,573,344)	34,353,433
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(14,622)	(7,471)
Proceeds from disposal of financial assets at fair value through other comprehensive income	26,684	91,595
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	138,328	38,596
Acquisition of financial assets at fair value through profit or loss	-	(16,776,100)
Proceeds from disposal of financial assets at fair value through profit or loss	17,795,539	-
Acquisition of investments accounted for using equity method	(90,008)	(245,157)
Proceeds from disposal of investments accounted for using equity method	-	1,982
Proceeds from capital reduction of investments accounted for using equity method	54,399	-
Proceeds from disposal of non-current assets classified as held for sale	313,557	-
Acquisition of property, plant and equipment	(8,373,277)	(7,687,941)
Proceeds from disposal of property, plant and equipment	269,692	1,034,178
Acquisition of intangible assets	(248,399)	(312,921)
Acquisition of investment properties	-	(1,937)
Increase in other financial assets	(2,811,242)	(96,235)
Decrease in other financial assets	9,103,252	2,677,032
Increase in other non-current assets	(926,585)	(855,119)
Decrease in other non-current assets	21,460	7,600
Net cash from (used in) investing activities	15,258,778	(22,131,898)
Cash flows from financing activities:		
Increase in short-term borrowings	33,938,472	7,661,880
Decrease in short-term borrowings	(14,561,765)	(43,088,924)
Increase in short-term notes and bills payable	500,000	-
Proceeds from long-term borrowings	17,890,600	673,300
Repayments of long-term borrowings	(30,576,369)	(14,106,200)
Repayments of principal portion of lease liabilities	(694,151)	(674,804)
Increase in other financial liabilities	50	3,596
Decrease in other financial liabilities	(49,952)	(12,087)
Increase in other non-current liabilities	88	107
Cash dividends paid	(20,253,559)	(14,658,247)
Change in non-controlling interests	(6,456)	61,425
Cash dividends returned	54	59
Net cash flows used in financing activities	(13,812,988)	(64,139,895)
Effect of exchange rate changes on cash and cash equivalents	(1,040,928)	(4,414,774)
Net decrease in cash and cash equivalents	(31,168,482)	(56,333,134)
Cash and cash equivalents at the beginning of period	207,370,966	192,605,577
Cash and cash equivalents at the end of period	\$ 176,202,484	136,272,443

See accompanying notes to financial statements.

QUANTA COMPUTER INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2021 AND 2020

**(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
UNLESS OTHERWISE SPECIFIED)**

(1) Overview

Quanta Computer Inc. (the “Company”) was incorporated on May 9, 1988, as a company limited by shares and registered under the Ministry of Economic Affairs, R.O.C. The address of the Company’s registered office is No. 188, Wenhua 2nd Rd., Guishan Dist., Taoyuan City, Taiwan, R.O.C. The Company and its subsidiaries (together referred to as the “Group”) engage primarily in the manufacturing, processing, and sales of laptop computers and telecommunication products.

(2) Financial Statements Authorization Date and Authorization Process

The consolidated financial statements for the nine months ended September 30, 2021 and 2020 were authorized for issuance by the Board of Directors on November 12, 2021.

(3) New Standards, Amendments and Interpretations Adopted:

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. (“FSC”) which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2021:

- Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform—Phase 2”

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from April 1, 2021:

- Amendments to IFRS 16 “Covid-19-Related Rent Concessions beyond June 30, 2021”

- (b) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2022, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 16 “Property, Plant and Equipment—Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts—Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

QUANTA COMPUTER INC. AND SUBSIDIARIES**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****SEPTEMBER 30, 2021 AND 2020****(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
UNLESS OTHERWISE SPECIFIED)****(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC**

The Group does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

(4) Summary of Significant Accounting Policies

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2020. For the related information, please refer to Note (4) of the consolidated financial statements for the year ended December 31, 2020.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 “Interim Financial Reporting” which are endorsed and issued into effect by FSC and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC. Hereinafter referred to as the “IFRS endorsed by FSC” for full annual consolidated financial statements.

(b) Basis of consolidation

1. List of subsidiaries in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Principal Activity	Shareholding			Note
			September 30, 2021	December 31, 2020	September 30, 2020	
The Company	Quanta International Limited (QIL)	Holding company	100.00 %	100.00 %	100.00 %	
”	QCJ Co., Ltd.	After-sales service and sale of computers and telecommunication products	100.00 %	100.00 %	100.00 %	Note 6
”	Quanta Computer Technology Investment Corp. (QCTI)	Investment company	100.00 %	100.00 %	100.00 %	Note 6

QUANTA COMPUTER INC. AND SUBSIDIARIES**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****SEPTEMBER 30, 2021 AND 2020****(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
UNLESS OTHERWISE SPECIFIED)**

Name of Investor	Name of Subsidiary	Principal Activity	Shareholding			Note
			September 30, 2021	December 31, 2020	September 30, 2020	
The Company	Quanta Venture Capital Co., Ltd. (QVC)	Venture capital	100.00 %	100.00 %	100.00 %	Note 6
"	Quanta Cloud Technology Inc. (QCTTW)	Sale of computers and peripherals	100.00 %	100.00 %	100.00 %	Note 6
"	THINKTECH COMERCIO DE INFORMATICA LTDA (ThinkTech)	Sale of computers and peripherals	83.16 %	83.16 %	83.16 %	Note 6
"	QMB Co., Ltd. (QMB)	Manufacture and sale of computers, peripherals and consumer products	100.00 %	100.00 %	100.00 %	Note 6
"	Quanta Cloud Technology Singapore Pte. Ltd. (QCTS)	Sale and after-sales service of computer peripherals	100.00 %	100.00 %	100.00 %	Note 6
The Company and QCTI	Quanta Storage Inc. (QSI)	Manufacture and sale of optical storage equipment, and computer storage devices and peripherals	30.22 %	30.22 %	30.22 %	Note 1
"	RoyalTek Company Ltd. (RTK)	Design, manufacture, processing, distribute, and sale of satellite guided navigation systems and peripherals, navigated maps, and digital maps	37.57 %	37.57 %	37.57 %	Note 1
"	Quanta Microsystem Inc. (QMIT)	Electronic company	100.00 %	100.00 %	100.00 %	Note 6
QIL	QCE Computer B.V. (QCE)	Sale and after-sales service of computer peripherals	100.00 %	100.00 %	100.00 %	Note 6
"	Access International Company (AIC)	Holding company	100.00 %	100.00 %	100.00 %	
"	Quanta ASIA LTD. (QAL)	Investment company and after-sales service	100.00 %	100.00 %	100.00 %	
"	Quanta Capital Management Ltd. (QCML)	Investment company	- %	100.00 %	100.00 %	QCML was liquidated in April 2021. Note 6
"	Quanta Cloud Technology USA LLC (QCT-USA)	Sale of computer peripherals	100.00 %	100.00 %	100.00 %	Note 6
"	QCT Inc. (QCTC)	Investment company	100.00 %	100.00 %	100.00 %	Note 6
QCE	THINKTECH COMERCIO DE INFORMATICA LTDA (ThinkTech)	Sale of computers and peripherals	16.84 %	16.84 %	16.84 %	Note 6
AIC	Quanta Manufacturing Incorporation (QMI)	Assembly and processing of computers and peripherals	100.00 %	100.00 %	100.00 %	Note 6
"	Quanta Service Incorporation (QSI-USA)	After-sales service of computers and peripherals	100.00 %	100.00 %	100.00 %	Note 6
"	Quanta Computer USA, Inc. (QCA)	After-sales service of computers and peripherals	100.00 %	100.00 %	100.00 %	Note 6
"	QCH, Inc., a Nevada corporation (QCH)	Sale of computers and peripherals	100.00 %	100.00 %	100.00 %	
QMI	Quanta Manufacturing Nashville LLC (QMN)	Assembly and processing of computers and peripherals	100.00 %	100.00 %	100.00 %	Note 6
QSI-USA	Quanta Service Nashville LLC (QSN)	After-sales service of computers and peripherals	100.00 %	100.00 %	100.00 %	Note 6

QUANTA COMPUTER INC. AND SUBSIDIARIES**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****SEPTEMBER 30, 2021 AND 2020****(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
UNLESS OTHERWISE SPECIFIED)**

Name of Investor	Name of Subsidiary	Principal Activity	Shareholding			Note
			September 30, 2021	December 31, 2020	September 30, 2020	
QCA	Quanta Computer Nashville LLC (QCN)	After-sales service of computers and peripherals	100.00 %	100.00 %	100.00 %	Note 6
QCH	QCH Nashville LLC (QCHN)	Sale of computers and peripherals	100.00 %	100.00 %	100.00 %	Note 6
QAL	Quanta Development Ltd. (QDL)	Holding Company	100.00 %	100.00 %	100.00 %	
"	Quanta International Technology Ltd. (QIT)	Sale of computers and peripherals, and investment company	100.00 %	100.00 %	100.00 %	Note 6
"	Q_Bus International Limited (Q_Bus)	Holding company	100.00 %	100.00 %	100.00 %	Note 6
QCTC	QCT Korea Inc. (QCTK)	Sale of computers and peripherals	100.00 %	100.00 %	100.00 %	Note 6
QIT	QCG Computer GmbH	Assembly and processing of computers and peripherals	100.00 %	100.00 %	100.00 %	Note 6
QDL	Quanta Development (HONG KONG) Limited (QDL(HK))	Sale of computers and peripherals, and investment company	100.00 %	100.00 %	100.00 %	
QDL (HK)	Tech-Front (Shanghai) Computer Co., Ltd. (TFC)	Manufacture and sale of computers and peripherals	100.00 %	100.00 %	100.00 %	Note 6
"	Tech-Com (Shanghai) Computer Co., Ltd. (TCC)	Manufacture and sale of computers and peripherals	100.00 %	100.00 %	100.00 %	
"	Tech-Com (Chongqing) Computer Co., Ltd. (TCQ)	Manufacture and sale of computers, mobile communication, storage device, peripherals and accessories	100.00 %	100.00 %	100.00 %	Note 6
"	Tech-Trend (Shanghai) Computer Co., Ltd. (TTC)	Sale and after-sales service of computers and peripherals	100.00 %	100.00 %	100.00 %	Note 2, 6
"	Tech-Lead (Shanghai) Computer Co., Ltd. (TLC)	After-sales service of computers	100.00 %	100.00 %	100.00 %	Note 6
"	Tech-Giant (Shanghai) Computer Co., Ltd. (TGC)	Manufacture and sale of computers and peripherals	100.00 %	100.00 %	100.00 %	Note 6
"	Tech-Wave (Shanghai) Logistics Co., Ltd. (TWW)	Storage service	100.00 %	100.00 %	100.00 %	Note 6
"	Tech-Full Computer (Changshu) Co., Ltd. (TNC)	Manufacture and sale of computers, mobile communication, storage device, peripherals and accessories	100.00 %	100.00 %	100.00 %	Note 6
"	Tech-Front (Chongqing) Computer Co., Ltd. (TFQ)	Processing, manufacture and sale of computers	100.00 %	100.00 %	100.00 %	
"	Tech-Wave (Chongqing) Logistics Co., Ltd. (TWQ)	Storage service	100.00 %	100.00 %	100.00 %	Note 6
"	Kenseisha Shanghai P.M.P. Co., Ltd. (KSH)	Manufacture and sale of precision machinery, peripherals and metallic molds	100.00 %	100.00 %	100.00 %	Note 6

QUANTA COMPUTER INC. AND SUBSIDIARIES**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****SEPTEMBER 30, 2021 AND 2020****(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
UNLESS OTHERWISE SPECIFIED)**

Name of Investor	Name of Subsidiary	Principal Activity	Shareholding			Note
			September 30, 2021	December 31, 2020	September 30, 2020	
QDL (HK)	CloudTech (Chongqing) Technology Co., Ltd. (YDCQ)	Sale of servers and switches	100.00 %	100.00 %	100.00 %	Note 6
"	QCT (Beijing) Co., Ltd. (QCTBJ)	Software technology development, advisory service, sale of servers and switches	100.00 %	- %	- %	The capital was remitted in January 2021. Note 6
"	Fly Dragon International Limited (FDDT)	Investment company and trading company	100.00 %	100.00 %	100.00 %	Note 6
"	Dragon Grand Group Limited (DGDG)	Investment company and trading company	100.00 %	100.00 %	100.00 %	Note 6
FDDT	Kenseisha Changshu P.M.P Co., Ltd. (KCC)	Manufacture and sale of machine cases, molds and tools	100.00 %	100.00 %	100.00 %	Note 6
DGDG	Dragontech Metallic Industry Co., Ltd. (SJDT)	Manufacture and sale of computers and components of peripherals	100.00 %	100.00 %	100.00 %	Note 6
Q_Bus	Exmore Services Holding Limited (EXM)	Holding company	- %	95.00 %	95.00 %	EXM was liquidated in August 2021. Note 6
"	Tech Chain Ltd. (TCL)	Holding company	100.00 %	100.00 %	100.00 %	Note 6
EXM	Exmore Services Holding (HONG KONG) Limited (EXMHK)	Investment company	- %	100.00 %	100.00 %	EXMHK was liquidated in June 2021. Note 6
EXMHK	Gem-Tech (Shanghai) Precision Mold Co., Ltd. (GTM)	Manufacture and sale of non-metallic product molds	- %	- %	100.00 %	Note 2, 6
TCL	Tech Chain (HONG KONG) Limited (TCLHK)	Investment company	100.00 %	100.00 %	100.00 %	Note 6
TCLHK	Zhan Yun (Shanghai) Electronics Co., Ltd. (ZYES)	Manufacture and sale of computers and components of peripherals	100.00 %	100.00 %	100.00 %	Note 6
QSI	Quanta Storage International Ltd. (QSI (CAYMAN))	Investment company	100.00 %	100.00 %	100.00 %	
"	Quanta Storage Investment Inc.	Investment company	- %	100.00 %	100.00 %	Note 5, 6
"	Techman Electronics (Thailand) Co., Ltd. (TMT)	Manufacture and sale of computer storage devices and components of peripherals	100.00 %	100.00 %	100.00 %	
"	Techman Incorporation (TAI)	Factory automation planning, installation and implementation	- %	100.00 %	100.00 %	Note 4, 6
"	TM SMT SDN. BHD. (JVM)	Sale of computer storage devices and components of peripherals	51.00 %	51.00 %	51.00 %	Note 6
"	Techman Robot Inc. (TRI)	Manufacture and sale of industrial collaborative robots	89.95 %	89.95 %	91.66 %	Note 3, 6

QUANTA COMPUTER INC. AND SUBSIDIARIES**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****SEPTEMBER 30, 2021 AND 2020****(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
UNLESS OTHERWISE SPECIFIED)**

Name of Investor	Name of Subsidiary	Principal Activity	Shareholding			Note
			September 30, 2021	December 31, 2020	September 30, 2020	
QSI (CAYMAN)	Quanta Storage (BVI) Ltd. (QSL (BVI))	Investment company	100.00 %	100.00 %	100.00 %	
"	E-Forward Technology Ltd. (SAMOA) (E-Forward (SAMOA))	Manufacture and sale of computer storage devices and components of peripherals	100.00 %	100.00 %	100.00 %	
QSL(BVI)	Quanta Storage Holding (Hong Kong) Ltd. (QHH)	Investment company	100.00 %	100.00 %	100.00 %	
"	Techman Electronic (Hong Kong) Limited (QIH)	Investment company	100.00 %	100.00 %	100.00 %	
QHH	Quanta Storage (Shanghai), Ltd. (QSS)	Manufacture and sale of computer storage devices and components of peripherals	100.00 %	100.00 %	100.00 %	
QIH	Techman Electronics (Changshu) Ltd. (Techman)	Manufacture and sale of computer storage devices and components of peripherals	100.00 %	100.00 %	100.00 %	
E-Forward (SAMOA)	Quanta Storage Asia Ltd. (SAMOA) (QSA)	Sale and after-sales service of computer storage devices and components of peripherals	100.00 %	100.00 %	100.00 %	
TRI	Techman Robot (HONG KONG) Ltd. (TRH)	Investment company	100.00 %	100.00 %	100.00 %	Note 6
TRH	Techman Robot (Shanghai) Ltd. (TRS)	After-sales service and sale of industrial collaborative robots and components of peripherals	100.00 %	100.00 %	100.00 %	Note 6
JVM	TM SMT (Thailand) COMPANY LIMITED. (JVMT)	Sale of computer storage devices and components of peripherals	100.00 %	100.00 %	100.00 %	Note 6
RTK	Royaltek International Enterprises Ltd. (RTKI)	Investment company	100.00 %	100.00 %	100.00 %	
RTKI	Royaltek Trading (Changshu) Co., Ltd.	Import and export business and wholesale of electronic products	100.00 %	100.00 %	100.00 %	
QMIT	Quanta Cloud Technology Japan Inc. (QCTJ)	Sale of computer peripherals	100.00 %	100.00 %	100.00 %	Note 6
QCTTW	Quanta Cloud Technology Germany GmbH (QCTG)	Sale of computer peripherals	100.00 %	100.00 %	100.00 %	Note 6

Note 1: Although the Company holds less than half of these companies' voting right, the Company has actual effect to lead these companies' activities, considering the fact that these companies' other equity shares are highly separated and considering the participation of other shareholders from previous shareholders' meetings. In addition, no other sign suggests that any collectively decision-making agreement between other shareholders exist. Therefore, the Company considers these companies as subsidiaries.

Note 2: The subsidiary, Gem-Tech (Shanghai) Precision Mold Co., Ltd. was merged with the subsidiary Tech-Trend (Shanghai) Computer Co., Ltd. in October 2020.

QUANTA COMPUTER INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2021 AND 2020

**(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
UNLESS OTHERWISE SPECIFIED)**

Note 3: The subsidiary, Techman Robot Inc., increased its capital by cash in the fourth quarter of 2020. The shareholding of Techman Robot Inc. owned by Quanta Storage Inc. was decreased to 89.95%.

Note 4: The subsidiary, Techman Automation Incorporation, changes its company name on registration certificate to Techman Incorporation on February 21, 2020 and the date of dissolution was November 30, 2020. The court ruled that the liquidation was completed on July 30, 2021.

Note 5: The date of dissolution for the subsidiary, Quanta Storage Investment Inc., was on December 31, 2020. The court ruled that the liquidation was completed on August 18, 2021.

Note 6: Financial statements of non-significant subsidiaries are not reviewed.

2. Subsidiaries excluded from the interim consolidated financial statements: None.

(c) Income Taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of International Financial Reporting Standards 34, Interim Reporting.

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period by the effective annual tax rate as forecasted by the management. This should be recognized fully as tax expense for the current period.

(d) Employee Benefits

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 for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events.

(5) Major Sources of Significant Accounting Assumptions, Judgments and Estimation Uncertainties

The preparation of the consolidated financial statements in conformity with the Regulations and IFRSs (in accordance with IAS 34 “Interim Financial Reporting” and endorsed by the FSC) requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In the preparation of the consolidated financial statements, the major sources of significant accounting judgments and estimation uncertainty are consistent with Note (5) of the consolidated financial statements for the year ended December 31, 2020.

QUANTA COMPUTER INC. AND SUBSIDIARIES**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****SEPTEMBER 30, 2021 AND 2020****(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
UNLESS OTHERWISE SPECIFIED)****(6) Explanation to Significant Accounts**

Except as described in the following paragraphs, there were no significant differences with those disclosed in the 2020 annual consolidated financial statements. Please refer to Note (6) of the consolidated financial statements for the year ended December 31, 2020, for other related information.

(a) Cash and cash equivalents

	September 30, 2021	December 31, 2020	September 30, 2020
Cash on hand, demand deposits and checking accounts	\$ 97,250,559	102,247,681	62,614,062
Time deposits	77,191,070	104,805,568	73,276,396
Short-term notes and bills	1,760,855	317,717	381,985
Cash and cash equivalents in consolidated statements of cash flows	\$ 176,202,484	207,370,966	136,272,443

The Group's interest risk and sensitivity analysis of financial assets and liabilities were disclosed in Note (6)(x).

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

	September 30, 2021	December 31, 2020	September 30, 2020
Mandatorily measured at fair value through profit or loss:			
Non-derivative financial assets			
Beneficiary certificates	\$ 6,753,133	25,352,363	23,751,906
Public quoted entity	334,950	35,218	-
Private equity	195,670	45,960	30,550
Total	\$ 7,283,753	25,433,541	23,782,456
Held-for-trading financial liabilities:			
Derivative instruments not used for hedging			
Forward foreign exchange contracts	\$ 1,669	4,017	1,393

QUANTA COMPUTER INC. AND SUBSIDIARIES**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****SEPTEMBER 30, 2021 AND 2020****(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
UNLESS OTHERWISE SPECIFIED)**

The Group held derivative financial instruments to hedge certain foreign exchange and interest risk the Group is exposed to, arising from its operating, financing and investing activities. The following derivative instruments that did not apply hedge accounting were classified as mandatorily measured at fair value through profit or loss and held-for-trading financial liabilities:

September 30, 2021				
	Amount		Currency	Maturity period
	(in thousands)			
Forward foreign exchange contracts				
US dollars sold	USD 20,000		USD against TWD	2021.10.08~2021.10.27
US dollars purchased	USD 33,000		TWD against USD	2021.10.19~2021.12.23
December 31, 2020				
	Amount		Currency	Maturity period
	(in thousands)			
Forward foreign exchange contracts				
US dollars sold	USD 22,000		USD against TWD	2021.01.08~2021.01.19
US dollars purchased	USD 23,000		TWD against USD	2021.01.12~2021.03.10
September 30, 2020				
	Amount		Currency	Maturity period
	(in thousands)			
Forward foreign exchange contracts				
US dollars sold	USD 21,000		USD against TWD	2020.10.15~2020.10.27
US dollars purchased	USD 28,000		TWD against USD	2020.10.19~2020.12.10

1. For liquidity risk, please refer to note (6)(x).

2. The aforesaid financial assets were not pledged as collateral.

QUANTA COMPUTER INC. AND SUBSIDIARIES**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****SEPTEMBER 30, 2021 AND 2020****(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,****UNLESS OTHERWISE SPECIFIED)****(c) Financial assets at fair value through other comprehensive income**

	September 30, 2021	December 31, 2020	September 30, 2020
Equity instruments at fair value through other comprehensive income			
Public quoted entity	\$ 8,848,168	7,193,812	5,914,811
Private equity	<u>1,234,881</u>	<u>1,216,787</u>	<u>1,541,304</u>
Total	<u>\$ 10,083,049</u>	<u>8,410,599</u>	<u>7,456,115</u>

1. Equity investments at fair value through other comprehensive income

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

For the three months ended September 30, 2021 and 2020 and for the nine months ended September 30, 2021 and 2020, the Group has sold its financial assets designated at fair value through other comprehensive income. The shares sold had a fair value of \$0, \$88,305, \$26,684 and \$91,595. The Group realized a loss of \$0, \$2,293, \$3,128 and \$31,380, which has been transferred from other equity to retained earnings.

2. For market risk, please refer to Note (6)(x).

3. The aforesaid financial assets were not pledged as collateral.

(d) Accounts receivable

	September 30, 2021	December 31, 2020	September 30, 2020
Accounts receivable-measured as amortized cost	\$ 186,706,678	188,945,462	214,039,872
Accounts receivable-fair value through other comprehensive income	35,357,910	10,664,404	7,010,245
Less: Allowance for impairment	<u>(845,828)</u>	<u>(690,101)</u>	<u>(828,872)</u>
Net	<u>\$ 221,218,760</u>	<u>198,919,765</u>	<u>220,221,245</u>

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The Group has assessed a portion of its accounts receivable that was held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. Therefore, such accounts receivable was measured at fair value through other comprehensive income.

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information. The loss allowance provisions were determined as follows:

September 30, 2021			
	Accounts receivable carrying amount	Weighted-average expected credit loss rate	Allowance lifetime expected credit loss
Current	\$ 216,996,585	0.05%	114,814
1 to 60 days past due	4,522,267	7.93%	358,515
61 to 120 days past due	210,305	42.63%	89,652
More than 121 days past due	335,431	84.32%	282,847
	\$ 222,064,588		845,828
December 31, 2020			
	Accounts receivable carrying amount	Weighted-average expected credit loss rate	Allowance lifetime expected credit loss
Current	\$ 192,977,995	0.06%	119,491
1 to 60 days past due	6,221,794	3.85%	239,836
61 to 120 days past due	176,127	72.22%	127,199
More than 121 days past due	233,950	87.02%	203,575
	\$ 199,609,866		690,101

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	September 30, 2020		
	Accounts receivable carrying amount	Weighted- average expected credit loss rate	Allowance lifetime expected credit loss
Current	\$ 217,472,038	0.17%	372,994
1 to 60 days past due	3,147,274	9.37%	294,908
61 to 120 days past due	162,554	3.23%	5,245
More than 121 days past due	268,251	58.05%	155,725
	\$ 221,050,117		828,872

The movements in the allowance for impairment for accounts receivable were as follows:

	For the Nine Months Ended September 30,	
	2021	2020
Balance as of January 1	\$ 690,101	1,055,194
Impairment losses recognized (reversed)	171,129	(164,577)
Bad debts written off	(14,901)	(59,260)
Effect of movements in exchange rate	(501)	(2,485)
Balance as of September 30	\$ 845,828	828,872

The aforementioned financial assets of the Group were not pledged as collateral or long-term borrowings.

The Group signed the accounts receivable factoring agreements without recourse with different financial institutions. According to the agreements, the Group transfers almost all risks and rewards to debtors, thus is eligible for derecognizing the financial assets. The amounts receivable from financial institutions were recognized as other receivables upon the derecognition of those trade receivables. The relevant information of the unexpired accounts receivable at the reporting date were as follows:

Unit: in thousands

	September 30, 2021					
Purchaser	Amount Derecognized	Credit Unused	Credit Advanced	Amount Recognized in Other Receivables	Range of Interest Rate	Significant Transferring Terms
Financial Institutions	\$ 19,077,250	US\$ 1,269,584	US\$ 685,000	-	0.50%~0.73%	None

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December 31, 2020						
Purchaser	Amount Derecognized	Credit Unused	Credit Advanced	Amount Recognized in Other Receivables	Range of Interest Rate	Significant Transferring Terms
Financial Institutions	\$ <u>31,554,821</u>	US\$ <u>379,517</u>	US\$ <u>1,090,000</u>	<u>925,821</u>	0.86%	None

September 30, 2020						
Purchaser	Amount Derecognized	Credit Unused	Credit Advanced	Amount Recognized in Other Receivables	Range of Interest Rate	Significant Transferring Terms
Financial Institutions	\$ <u>36,651,537</u>	US\$ <u>241,400</u>	US\$ <u>1,230,000</u>	<u>932,337</u>	0.74%~0.86%	None

The Group signed the accounts receivable factoring agreements with different financial institutions. According to the agreements, the Group bears almost all risks and rewards, and thus is ineligible for derecognizing the financial assets. The book value of the accounts receivable factored but yet derecognized at the reporting date were as follows:

Unit : in thousands

September 30, 2021					
Purchaser	Amount transferred	Credit Line	Credit Advanced (accounted under short-term borrowings)	Range of Interest Rate	Collateral
Financial Institutions	\$ <u>5,180,100</u>	US\$ <u>900,000</u>	US\$ <u>186,000</u>	0.52%	None

December 31, 2020					
Purchaser	Amount transferred	Credit Line	Credit Advanced (accounted under short-term borrowings)	Range of Interest Rate	Collateral
Financial Institutions	\$ <u>13,333,481</u>	US\$ <u>650,000</u>	US\$ <u>474,501</u>	0.60%~0.92%	None

September 30, 2020					
Purchaser	Amount transferred	Credit Line	Credit Advanced (accounted under short-term borrowings)	Range of Interest Rate	Collateral
Financial Institutions	\$ <u>11,634,008</u>	US\$ <u>650,000</u>	US\$ <u>400,620</u>	0.65%~0.70%	None

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(e) Other receivables

	September 30, 2021	December 31, 2020	September 30, 2020
Other receivables	\$ 1,290,755	2,395,496	3,226,964
Less: Allowance for impairment	(21,948)	(2,462)	(3,050)
	\$ 1,268,807	2,393,034	3,223,914

As of September 30, 2021, December 31, 2020, and September 30, 2020, the aging analysis of other receivables, which were past due, were as follows:

	September 30, 2021	December 31, 2020	September 30, 2020
1 to 60 days past due	\$ 42,873	46,413	69,078
61 to 120 days past due	67,384	1,003	200,064
More than 121 days past due	45,023	46,012	151,105
Total	\$ 155,280	93,428	420,247

The movements in the allowance for impairment for other receivables were as follows:

	For the Nine Months Ended September 30,	
	2021	2020
Balance as of January 1	\$ 2,462	5,508
Impairment loss recognized (reversed)	19,486	(2,458)
Balance as of September 30	\$ 21,948	3,050

(f) Inventories

	September 30, 2021	December 31, 2020	September 30, 2020
Finished goods	\$ 45,941,447	50,188,940	52,163,702
Work-in-process	11,820,657	6,395,131	8,246,766
Raw materials	129,493,106	84,356,167	93,285,247
Inventory in-transit	4,320,874	8,273,615	6,894,744
Total	\$ 191,576,084	149,213,853	160,590,459

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For the three months ended September 30, 2021 and 2020 and for the nine months ended September 30, 2021 and 2020, the details of cost of goods sold were as follows:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
Cost of goods sold	\$ 240,827,728	305,847,853	730,377,507	735,123,508
Net amount of inventory obsolescence and disposal of scrapping	1,781,542	2,851,698	4,881,205	6,436,492
Write-down (reversal) of inventory valuation and obsolescence	1,403,774	(425,235)	4,057,572	1,221,393
Idle capacity loss	4,476	224	5,022	93,607
Others	(111,657)	(108,561)	(341,564)	(246,718)
Total	<u>\$ 243,905,863</u>	<u>308,165,979</u>	<u>738,979,742</u>	<u>742,628,282</u>

The factor leading to the net realizable value of inventories is lower than the cost vanished, so that the reversal of write-down of inventories was recognized resulting from the increase in net realizable value for the three months ended September 30, 2020.

(g) Non-current assets classified as held for sale

On October 28, 2020, the Group's Board of Directors resolved to sell the right-of-use assets and buildings held by KCC. The efforts to dispose the assets have commenced. These assets were accounted as non-current assets classified as held for sale accordingly, and were sold in May 2021.

On September 15, 2021, the Group's Board of Directors resolved to sell the right-of-use assets and buildings held by Techman (Changshu). The efforts to dispose the assets have commenced. These assets were accounted as non-current assets classified as held for sale accordingly. As of September 30, 2021, and December 31, 2020, the details of the non-current assets classified as held for sale were as follows:

	September 30, 2021	December 31, 2020
Right-of-use asset	\$ 59,974	23,386
Buildings	377,049	263,978
	<u>\$ 437,023</u>	<u>287,364</u>

After measuring the lower of the carrying amount and the fair value less the cost to sell, no related impairment loss is recognized.

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

	September 30, 2021	December 31, 2020	September 30, 2020
Carrying amount of individually insignificant associates' equity	\$ <u>445,032</u>	<u>525,646</u>	<u>541,199</u>

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
Attributable to the Group:				
Loss from continuing operation	\$ (15,187)	(5,738)	(39,096)	(30,358)
Other comprehensive income (loss)	174	(918)	583	(3,989)
Total comprehensive loss	\$ <u>(15,013)</u>	<u>(6,656)</u>	<u>(38,513)</u>	<u>(34,347)</u>

The aforesaid investments accounted for using equity method were not pledged as collateral.

Investments were accounted for by the equity method and the share of profit or loss and other comprehensive income of those investments were calculated based on the financial statements that have not been reviewed.

(i) Property, plant and equipment

The cost, depreciation, and impairment loss of the property, plant and equipment of the Group for the nine months ended September 30, 2021 and 2020, were as follows:

	Land	Buildings	Machinery and miscellaneous equipment	Equipment to be inspected and construction in progress	Total
Cost or deemed cost:					
Balance as of January 1, 2021	\$ 8,094,717	27,645,710	51,486,718	1,982,244	89,209,389
Additions	537,765	780,663	6,513,430	1,176,511	9,008,369
Disposal and obsolescence	-	(1,000)	(3,180,430)	-	(3,181,430)
Reclassified as non-current assets held for sale	-	(941,600)	-	-	(941,600)
Effect of movements in exchange rate	(1,771)	(170,962)	(351,777)	(10,142)	(534,652)
Balance as of September 30, 2021	\$ <u>8,630,711</u>	<u>27,312,811</u>	<u>54,467,941</u>	<u>3,148,613</u>	<u>93,560,076</u>

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	Land	Buildings	Machinery and miscellaneous equipment	Equipment to be inspected and construction in progress	Total
Balance as of January 1, 2020	\$ 7,722,481	28,879,637	55,603,136	864,104	93,069,358
Additions	397,621	233,539	5,932,691	1,540,104	8,103,955
Disposal and obsolescence	-	(255,545)	(8,354,066)	-	(8,609,611)
Effect of movements in exchange rate	(13,085)	(688,264)	(1,472,793)	(58,713)	(2,232,855)
Balance as of September 30, 2020	<u>\$ 8,107,017</u>	<u>28,169,367</u>	<u>51,708,968</u>	<u>2,345,495</u>	<u>90,330,847</u>
Depreciation and impairment losses:					
Balance as of January 1, 2021	\$ 57,496	11,168,589	30,375,596	-	41,601,681
Depreciation for the period	-	806,011	3,658,594	-	4,464,605
Disposal and obsolescence	-	(907)	(2,556,529)	-	(2,557,436)
Reclassified as non-current assets held for sale	-	(564,551)	-	-	(564,551)
Impairment loss reversed	-	-	(529)	-	(529)
Effect of movements in exchange rate	-	(75,769)	(218,127)	-	(293,896)
Balance as of September 30, 2021	<u>\$ 57,496</u>	<u>11,333,373</u>	<u>31,259,005</u>	<u>-</u>	<u>42,649,874</u>
Balance as of January 1, 2020	\$ 57,496	11,515,832	33,998,821	-	45,572,149
Depreciation for the period	-	701,963	3,769,728	-	4,471,691
Disposal and obsolescence	-	(255,544)	(6,417,164)	-	(6,672,708)
Impairment loss reversed	-	-	(74,241)	-	(74,241)
Effect of movements in exchange rate	-	(293,378)	(938,864)	-	(1,232,242)
Balance as of September 30, 2020	<u>\$ 57,496</u>	<u>11,668,873</u>	<u>30,338,280</u>	<u>-</u>	<u>42,064,649</u>
Book values:					
Balance as of January 1, 2021	<u>\$ 8,037,221</u>	<u>16,477,121</u>	<u>21,111,122</u>	<u>1,982,244</u>	<u>47,607,708</u>
Balance as of September 30, 2021	<u>\$ 8,573,215</u>	<u>15,979,438</u>	<u>23,208,936</u>	<u>3,148,613</u>	<u>50,910,202</u>
Balance as of January 1, 2020	<u>\$ 7,664,985</u>	<u>17,363,805</u>	<u>21,604,315</u>	<u>864,104</u>	<u>47,497,209</u>
Balance as of September 30, 2020	<u>\$ 8,049,521</u>	<u>16,500,494</u>	<u>21,370,688</u>	<u>2,345,495</u>	<u>48,266,198</u>

As of September 30, 2021, December 31, 2020, and September 30, 2020, the aforesaid property, plant and equipment were not pledged as collateral.

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The Group leases many assets including land, buildings, machinery and equipment and transportation equipment. The movements in right-of-use assets were as follows:

	<u>Land</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Total</u>
Cost:					
Balance as of January 1, 2021	\$ 498,197	3,328,390	151,641	468	3,978,696
Additions	-	1,564,200	20,863	-	1,585,063
Reductions	-	(173,201)	(93,135)	-	(266,336)
Reclassified as non-current assets held for sale	(64,308)	-	-	-	(64,308)
Effect of movements in exchange rate	(3,989)	(29,062)	(1,228)	-	(34,279)
Balance as of September 30, 2021	<u>\$ 429,900</u>	<u>4,690,327</u>	<u>78,141</u>	<u>468</u>	<u>5,198,836</u>
Balance as of January 1, 2020	\$ 556,795	3,446,974	100,218	468	4,104,455
Additions	-	66,616	60,171	-	126,787
Reductions	(1,745)	(175,002)	-	-	(176,747)
Effect of movements in exchange rate	(16,795)	(105,339)	(3,676)	-	(125,810)
Balance as of September 30, 2020	<u>\$ 538,255</u>	<u>3,233,249</u>	<u>156,713</u>	<u>468</u>	<u>3,928,685</u>
Depreciation and impairment losses:					
Balance as of January 1, 2021	\$ 28,332	1,687,309	97,001	182	1,812,824
Depreciation for the period	10,876	700,101	20,974	117	732,068
Reductions	-	(170,590)	(93,135)	-	(263,725)
Reclassified as non-current assets held for sale	(4,334)	-	-	-	(4,334)
Effect of movements in exchange rate	(280)	(15,511)	(724)	-	(16,515)
Balance as of September 30, 2021	<u>\$ 34,594</u>	<u>2,201,309</u>	<u>24,116</u>	<u>299</u>	<u>2,260,318</u>
Balance as of January 1, 2020	\$ 16,300	1,000,681	71,851	26	1,088,858
Depreciation for the period	12,114	707,779	21,415	117	741,425
Reductions	(77)	(159,641)	-	-	(159,718)
Effect of movements in exchange rate	(762)	(41,103)	(2,933)	-	(44,798)
Balance as of September 30, 2020	<u>\$ 27,575</u>	<u>1,507,716</u>	<u>90,333</u>	<u>143</u>	<u>1,625,767</u>
Book values:					
Balance as of January 1, 2021	<u>\$ 469,865</u>	<u>1,641,081</u>	<u>54,640</u>	<u>286</u>	<u>2,165,872</u>
Balance as of September 30, 2021	<u>\$ 395,306</u>	<u>2,489,018</u>	<u>54,025</u>	<u>169</u>	<u>2,938,518</u>
Balance as of January 1, 2020	<u>\$ 540,495</u>	<u>2,446,293</u>	<u>28,367</u>	<u>442</u>	<u>3,015,597</u>
Balance as of September 30, 2020	<u>\$ 510,680</u>	<u>1,725,533</u>	<u>66,380</u>	<u>325</u>	<u>2,302,918</u>

QUANTA COMPUTER INC. AND SUBSIDIARIES

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(k) Investment property

Investment property comprises factories that are leased to third parties under operating leases, as well as properties that are owned by the Group. The rent income of the leases of investment properties is fixed.

	Land and land improvement	Buildings	Total
Book values:			
Balance as of January 1, 2021	\$ <u>52,664</u>	<u>17,603</u>	<u>70,267</u>
Balance as of September 30, 2021	\$ <u>52,664</u>	<u>17,056</u>	<u>69,720</u>
Balance as of January 1, 2020	\$ <u>52,664</u>	<u>16,347</u>	<u>69,011</u>
Balance as of September 30, 2020	\$ <u>52,664</u>	<u>17,786</u>	<u>70,450</u>

There were no significant additions, disposals, or recognition and reversal of impairment losses of investment property for the nine months ended September 30, 2021 and 2020. Please refer to Note (12)(a) for depreciation amounts this period. Please refer to Note (6)(k) of the consolidated financial statements for the year ended December 31, 2020, for other related information.

The fair value of the investment property was not significantly different from those disclosed in Note (6)(k) of the consolidated financial statements for the year ended December 31, 2020.

As of September 30, 2021, December 31, 2020, and September 30, 2020, the aforesaid investment properties were not pledged as collateral.

(l) Intangible assets

	Goodwill	Software and trademark	Total
Book values:			
Balance as of January 1, 2021	\$ <u>407,292</u>	<u>422,185</u>	<u>829,477</u>
Balance as of September 30, 2021	\$ <u>407,292</u>	<u>425,126</u>	<u>832,418</u>
Balance as of January 1, 2020	\$ <u>407,292</u>	<u>424,950</u>	<u>832,242</u>
Balance as of September 30, 2020	\$ <u>407,292</u>	<u>476,793</u>	<u>884,085</u>

There were no significant additions, disposals, or recognition and reversal of impairment losses of intangible assets for the nine months ended September 30, 2021 and 2020. Please refer to Note (12)(a) for amortization amounts this period. Please refer to Note (6)(l) of the consolidated financial statements for the year ended December 31, 2020, for other related information.

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	September 30, 2021	December 31, 2020	September 30, 2020
Commercial paper payable	<u>\$ 500,000</u>	<u>-</u>	<u>-</u>

For the nine months ended September 30, 2021, the Group had additional short-term notes and bills payable amounting to \$1,800,000, with an interest rate of 0.798%, maturing in October 2021.

For the nine months ended September 30, 2021, the repayment amounted to \$1,300,000.

The Group's interest risk and sensitivity analysis of financial assets and liabilities were disclosed in Note (6)(x).

(n) Short-term borrowings

	September 30, 2021	December 31, 2020	September 30, 2020
Credit loan	\$ 180,934,577	155,489,147	130,935,377
Purchase loan	3,059,801	9,413,433	15,079,852
Total	<u>\$ 183,994,378</u>	<u>164,902,580</u>	<u>146,015,229</u>
Range of interest rates	<u>0.17%~3.20%</u>	<u>0.37%~3.50%</u>	<u>0.39%~3.50%</u>

Please refer to Note (8) for details of the Group's assets pledged as collateral for bank borrowings.

The Group's interest risk and sensitivity analysis of financial assets and liabilities were disclosed in Note (6)(x).

The Group has agreements with different financial institutions to offset its financial assets and liabilities. The following table lists the netting information of these financial assets and liabilities as of September 30, 2021, December 31, 2020, and September 30, 2020:

September 30, 2021			
Property	Financial assets/ liabilities recognized	Financial assets/ liabilities offset in the statement of financial position	Net financial assets/ liabilities reported in the statement of financial position
Bank deposits / Bank borrowings	<u>\$ 315,672,832</u>	<u>315,672,832</u>	<u>-</u>
December 31, 2020			
Property	Financial assets/ liabilities recognized	Financial assets/ liabilities offset in the statement of financial position	Net financial assets/ liabilities reported in the statement of financial position
Bank deposits / Bank borrowings	<u>\$ 466,316,383</u>	<u>466,316,383</u>	<u>-</u>

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September 30, 2020				
Property	Financial assets/ liabilities recognized	Financial assets/ liabilities offset in the statement of financial position	Net financial assets/ liabilities reported in the statement of financial position	
Bank deposits / Bank borrowings	<u>\$ 562,447,944</u>	<u>562,447,944</u>	<u>-</u>	
(o) Long-term borrowings				
Names of financial institution	Non-current portion	Amount Current portion	Total	Collateral or Guarantee
September 30, 2021				
Syndicated agreement with Mizuho Bank and other 19 participating banks (ii)	\$ 5,570,000	-	5,570,000	None
Syndicated agreement with Mega International Commercial Bank and other 17 participating banks (viii)	11,975,500	-	11,975,500	None
National development agreement with TaiShin International Bank (iii)	1,375,000	125,000	1,500,000	None
National development agreement with Mega International Commercial Bank (iv)	1,193,878	106,122	1,300,000	None
National development agreement with Taipei Fubon Bank (v)	1,416,667	83,333	1,500,000	None
National development agreement with E.Sun Commercial Bank (vi)	1,875,000	125,000	2,000,000	None
National development agreement with CTBC Bank (vii)	937,500	62,500	1,000,000	None
Total	<u>\$ 24,343,545</u>	<u>501,955</u>	<u>24,845,500</u>	
December 31, 2020				
Syndicated agreement with Mizuho Bank and other 19 participating banks (ii)	\$ -	5,620,000	5,620,000	None
Syndicated agreement with Mega International Commercial Bank and other 17 participating banks (viii)	24,728,000	-	24,728,000	None
National development agreement with TaiShin International Bank (iii)	1,500,000	-	1,500,000	None
National development agreement with Mega International Commercial Bank (iv)	1,188,400	-	1,188,400	None
National development agreement with Taipei Fubon Bank (v)	1,500,000	-	1,500,000	None
National development agreement with E.Sun Commercial Bank (vi)	2,000,000	-	2,000,000	None
National development agreement with CTBC Bank (vii)	1,000,000	-	1,000,000	None
Total	<u>\$ 31,916,400</u>	<u>5,620,000</u>	<u>37,536,400</u>	

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Names of financial institution	Amount			Collateral or Guarantee
	Non-current portion	Current portion	Total	
September 30, 2020				
Syndicated agreement with Mizuho Bank and other 19 participating banks (ii)	\$ -	11,325,600	11,325,600	None
Syndicated agreement with Credit Agricole Corporate & Investment Bank and other 15 participating banks (i)	-	8,421,600	8,421,600	None
National development agreement with TaiShin International Bank (iii)	1,500,000	-	1,500,000	None
National development agreement with Mega International Commercial Bank (iv)	1,139,800	-	1,139,800	None
National development agreement with Taipei Fubon Bank (v)	1,500,000	-	1,500,000	None
National development agreement with E.Sun Commercial Bank (vi)	1,936,400	-	1,936,400	None
National development agreement with CTBC Bank (vii)	1,000,000	-	1,000,000	None
Total	\$ 7,076,200	19,747,200	26,823,400	

- (i) Effective December 2015, the Company and its subsidiary, QIL, entered into syndicated credit agreement with Credit Agricole Corporate and Investment Bank and other 18 participating financial institutions. Under which, the Company and QIL will share the term facility and revolving facility amounted to USD480,000 thousand for a period of 3 years. The borrowing duration is agreed to extend for 2 years with Credit Agricole Corporate and Investment Bank and other 15 participating financial institutions. The loan bears floating interest rates. The credit expired on December 18, 2020. According to the agreements, the Company takes joint and several liabilities for QIL's repayments.
- (ii) Effective July 2018, the Company and its subsidiary, QIL, entered into syndicated credit agreement with Mizuho Bank and other 19 participating financial institutions. The agreement included two trenches, A and B. In trench A, the term facility and revolving facility available to the Company and QIL amounted to USD560,000 thousand. In trench B, the term facility and revolving facility available amounted to USD320,000 thousand and the agreement amounted to USD880,000 thousand with floating interest rates for a period of 3 years. The borrowing duration is allowed to extend for 2 years with Mizuho Bank and other 19 participating financial institutions. In trench A, the term facility and revolving facility available to the Company and QIL amounted to USD596,000 thousand. In trench B, the term facility and revolving facility available amounted to USD284,000 thousand. The loan bears floating interest rates. According to the agreements, the Company takes joint and several liabilities for QIL's repayments.

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- (iii) Effective June 2019, the Company entered into credit agreement with TaiShin International Bank. The loan facility of agreement amounted to \$1,500,000 with floating interest rates for a period of 7 years. The agreement started on June 4, 2019.
- (iv) Effective June 2019, the Company entered into credit agreement with Mega International Commercial Bank. The loan facility of agreement amounted to \$1,300,000 with floating interest rates for a period of 7 years. The agreement started on June 19, 2019.
- (v) Effective June 2019, the Company entered into credit agreement with Taipei Fubon Bank. The loan facility of agreement amounted to \$1,500,000 with floating interest rates for a period of 7 years. The agreement started on June 4, 2019.
- (vi) Effective June 2019, the Company entered into credit agreement with E.Sun Commercial Bank. The loan facility of agreement amounted to \$2,000,000 with floating interest rates for a period of 7 years. The agreement started on July 3, 2019.
- (vii) Effective June 2019, the Company entered into credit agreement with CTBC Bank. The loan facility of agreement amounted to \$1,000,000 with floating interest rates for a period of 7 years. The agreement started on July 4, 2019.
- (viii) Effective October 2020, the Company and its subsidiary, QIL, entered into syndicated credit agreement with Mega International Commercial Bank and other 17 participating financial institutions. Under which, the Company and QIL will share the term facility and revolving facility amounted to USD1,200,000 thousand with floating interest rates for a period of 3 years. The borrowing duration is allowed to extend for 2 years, but the extension is limited to one time only. According to the agreements, the Company takes joint and several liabilities for QIL's repayments.
- (ix) Under these agreements, the Group shall adhere to certain financial provisions such as current ratios, leverage ratios, interest coverage ratios and tangible net worth at the end dates of the semi-annual and the annual accounting periods (June 30 and December 31). Otherwise, the borrowings will be considered due and payable immediately. As of September 30, 2021, the Group was in compliance with the above financial covenants.
- (x) The interest rates for all aforementioned credit facilities were 0.000%~0.8817%, 0.000%~1.100% and 0.000%~1.206% as of September 30, 2021, December 31, 2020, and September 30, 2020, respectively.
- (xi) The Group's interest risk and sensitivity analysis of financial assets and liabilities were disclosed in Note (6)(x).

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(p) Lease liabilities

The carrying amounts of the Group's lease liabilities were as follows:

	September 30, 2021	December 31, 2020	September 30, 2020
Current	\$ <u>727,995</u>	<u>662,587</u>	<u>780,310</u>
Non-current	\$ <u>1,954,441</u>	<u>1,146,376</u>	<u>1,171,483</u>

For the maturity analysis, please refer to note (6)(x).

The amounts recognized in profit or loss were as follows:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
Interests expenses on lease liabilities	\$ <u>15,040</u>	<u>12,607</u>	<u>42,547</u>	<u>43,471</u>
Variable lease payments not included in the measurement of lease liabilities	\$ <u>36,424</u>	<u>45,380</u>	<u>145,434</u>	<u>135,516</u>
Expenses relating to short-term leases	\$ <u>65,476</u>	<u>49,408</u>	<u>206,859</u>	<u>125,258</u>

The amounts recognized in the statement of cash flows for the Group were as follows:

	For the Nine Months Ended September 30,	
	2021	2020
Total cash outflow for leases	\$ <u>1,089,930</u>	<u>979,838</u>

1. Land and Building leases

The Group leases land and buildings for its office space, warehouse and staff dormitory. The leases typically run for a period of 1 to 10 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

2. Other leases

The Group leases machinery and equipment, and transportation equipment with lease terms of 2 years and 3 years, respectively. In some cases, the Group has no options to purchase the assets at the end of the contract term; in other cases, it does not guarantee the residual value of the leased assets at the end of the contract term.

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The Group also leases machinery and office equipment, which are short-term or leases of low-value items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

(q) Employee benefits**1. Defined benefit plans**

In prior fiscal year, there was no material volatility of the market, reimbursement and settlement or other material one-time events. As a result, pension cost in the accompanying interim financial statements is measured and disclosed as of December 31, 2020 and 2019.

The details of the Group's expenses were as follows:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
Operating costs	\$ 309	232	898	707
Selling expenses	60	67	184	204
General and administrative expenses	2,629	2,754	6,769	8,280
Research and development expenses	973	1,067	2,858	3,185
	\$ 3,971	4,120	10,709	12,376

2. Defined contribution plans

The Group's pension expenses under the pension plan cost to the Bureau of Labor Insurance were as follows:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
Operating costs	\$ 23,447	14,438	64,018	42,297
Selling expenses	6,969	7,178	21,171	21,400
General and administrative expenses	20,357	20,347	60,967	60,847
Research and development expenses	74,568	68,971	220,500	204,037
Total	\$ 125,341	110,934	366,656	328,581

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The Group allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of the Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Group allocates a fixed amount to the Bureau of the Labor Insurance without additional legal or constructive obligations.

3. The Group's pension expenses of foreign subsidiaries allocated in accordance with local laws and regulations were \$677,608, \$602,754, \$2,028,477 and \$1,455,659 for the three months ended September 30, 2021 and 2020 and for the nine months ended September 30, 2021 and 2020.

(r) Income taxes

The details of the Group's income tax expense were as follows:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
Current tax expense				
Current period	\$ <u>1,642,823</u>	<u>3,027,292</u>	<u>4,816,741</u>	<u>6,546,660</u>
Deferred tax expense (income)				
Origination and reversal of temporary differences	<u>82,801</u>	<u>(206,088)</u>	<u>1,216,928</u>	<u>(421,114)</u>
Income tax expense from continuing operations	\$ <u><u>1,725,624</u></u>	<u><u>2,821,204</u></u>	<u><u>6,033,669</u></u>	<u><u>6,125,546</u></u>

The Company's tax returns through 2019 have been assessed and approved by the Tax Authority.

(s) Share capital and other equity

Except for the following disclosure, there is no significant difference in capital and other equity for the nine months ended September 30, 2021 and 2020. Please refer to Note (6)(r) of the consolidated financial statements for the year ended December 31, 2020, for other related information.

1. Retained earnings

According to the Articles of Incorporation, after-tax earnings are initially used to offset cumulative losses, and 10% of the remainder is set aside as a legal reserve, except when the legal reserve of the Company reaches paid-in capital of the Company. Special reserve may be appropriated if necessary, and then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the shareholders' meeting for approval. During the shareholder's meeting on July 23, 2021 and June 19, 2020, the shareholders approved to distribute the 2020 and 2019 earnings.

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The earnings were appropriated as follows:

	For the Years Ended December 31,			
	2020		2019	
	Dividend per share (TWD)	Amount	Dividend per share (TWD)	Amount
Dividends distributed to ordinary shareholders				
Cash	\$ 5.20	\$ <u>20,085,663</u>	3.70	<u>14,291,721</u>

2. Treasury stock

1) The Company's shares held by its subsidiaries were as follows:

September 30, 2021			
	Shares (in thousands)	Cost	Market price
RTK	<u>8,109</u>	\$ <u>333,094</u>	<u>628,439</u>
December 31, 2020			
	Shares (in thousands)	Cost	Market price
RTK	<u>8,109</u>	\$ <u>333,094</u>	<u>656,009</u>
September 30, 2020			
	Shares (in thousands)	Cost	Market price
RTK	<u>8,109</u>	\$ <u>333,094</u>	<u>613,032</u>

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	Exchange differences on translation of foreign financial statement	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
Balance as of January 1, 2021	\$ (342,907)	(9,157,197)	(9,500,104)
Exchange differences on translation of foreign financial statement	(793,803)	-	(793,803)
Exchange differences on associates accounted for using equity method	583	-	583
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	1,810,688	1,810,688
Disposal of investments measured at fair value through other comprehensive income	-	3,128	3,128
Balance as of September 30, 2021	<u><u>\$ (1,136,127)</u></u>	<u><u>(7,343,381)</u></u>	<u><u>(8,479,508)</u></u>
Balance as of January 1, 2020	\$ 3,350,490	(10,587,405)	(7,236,915)
Exchange differences on translation of foreign financial statement	(1,245,459)	-	(1,245,459)
Exchange differences on associates accounted for using equity method	5,142	-	5,142
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	394,938	394,938
Disposal of investments measured at fair value through other comprehensive income	-	31,380	31,380
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income of associates accounted for using equity method	-	(9,131)	(9,131)
Balance as of September 30, 2020	<u><u>\$ 2,110,173</u></u>	<u><u>(10,170,218)</u></u>	<u><u>(8,060,045)</u></u>

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4. Non-controlling interests after tax

	For the Nine Months Ended September 30,	
	2021	2020
Balance as of January 1	\$ 5,933,197	6,289,454
Shares attributed to non-controlling interests		
Net profit (losses)	487,659	(57,759)
Exchange differences on translation of foreign financial assets	(17,587)	(50,522)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	13,049	(70,641)
Changes in non-controlling interests	(189,853)	(346,662)
Others	38	(3,513)
Balance as of September 30	<u><u>\$ 6,226,503</u></u>	<u><u>5,760,357</u></u>

(t) Earnings per share

For the three months ended September 30, 2021 and 2020 and for the nine months ended September 30, 2021 and 2020, the basic and diluted earnings per share were calculated as follows:

1. Basic earnings per share

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
Profit attributable to ordinary shareholders of the Company	\$ <u><u>9,371,895</u></u>	<u><u>7,871,158</u></u>	<u><u>24,370,059</u></u>	<u><u>16,702,389</u></u>

Unit : thousand shares

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
Weighted average number of ordinary shares (basic)	<u><u>3,854,519</u></u>	<u><u>3,854,519</u></u>	<u><u>3,854,519</u></u>	<u><u>3,854,519</u></u>

2. Diluted earnings per share

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
Profit attributable to ordinary shareholders of the Company	\$ <u><u>9,371,895</u></u>	<u><u>7,871,158</u></u>	<u><u>24,370,059</u></u>	<u><u>16,702,389</u></u>

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Unit : thousand shares

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
Weighted average number of ordinary shares (basic)	3,854,519	3,854,519	3,854,519	3,854,519
Effect of employee stock compensation	29,664	22,393	38,182	30,386
Weighted average number of ordinary shares (diluted)	<u>3,884,183</u>	<u>3,876,912</u>	<u>3,892,701</u>	<u>3,884,905</u>

(u) Revenue from contracts with customer**1. Disaggregation of Revenue**

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
Primary geographical markets:				
America	\$ 123,158,637	170,103,310	376,211,844	402,633,299
Mainland China	30,663,723	34,432,629	82,671,152	90,281,653
Netherlands	16,124,289	21,649,328	51,296,932	49,363,220
Japan	14,540,499	25,825,639	51,968,732	58,623,494
Other countries	<u>77,101,397</u>	<u>75,337,248</u>	<u>228,671,065</u>	<u>186,926,717</u>
	<u>\$ 261,588,545</u>	<u>327,348,154</u>	<u>790,819,725</u>	<u>787,828,383</u>
Major products:				
Electronic products	\$ 260,337,484	326,372,179	786,946,142	785,046,974
Other products	<u>1,251,061</u>	<u>975,975</u>	<u>3,873,583</u>	<u>2,781,409</u>
	<u>\$ 261,588,545</u>	<u>327,348,154</u>	<u>790,819,725</u>	<u>787,828,383</u>

(v) Remuneration to employees and directors

In accordance with the Articles of Incorporation, the Company should contribute no less than 2% of the profit as employee remuneration and less than 2% as directors remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficits. The recipients of shares and cash may include employees of the Company's affiliated companies who meet certain conditions.

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For the three months ended September 30, 2021 and 2020 and for the nine months ended September 30, 2021 and 2020, the Company estimated its employee remuneration amounting to \$839,000, \$818,331, \$2,299,000 and \$1,692,982 and directors remuneration amounting to \$3,600, \$3,600, \$10,800 and \$10,800, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees and directors of each period, multiplied by the percentage of remuneration to employees and directors as specified in the Company's Articles of Incorporation. These remunerations were expensed under operating costs or operating expenses during 2021 and 2020.

For the years ended December 31, 2020 and 2019, the remuneration to employees amounted to \$2,560,433 and \$1,464,876 and the remuneration to directors amounted to \$14,000 and \$42,000, respectively. The amount of employee remuneration stated in the consolidated financial statements is identical to that of the actual distribution for 2019. The amount of directors remuneration of the actual distribution was \$28,000 less than that of estimation in the consolidated financial statements. The difference was treated as changes in accounting estimates and adjusted in profit or loss in 2020. The amounts, as stated in the consolidated financial statements, are identical to those of the actual distributions for 2020. The distribution of remuneration for 2020 and 2019 was approved. The information is available on the Market Observation Post System website.

(w) Non-operating income and expenses**1. Interest income**

The details of interest income were as follows:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
Interest income from bank deposits	\$ 569,490	961,922	1,848,757	3,283,112
Others interest income	8,681	4,997	34,666	23,999
Total interest income	<u>\$ 578,171</u>	<u>966,919</u>	<u>1,883,423</u>	<u>3,307,111</u>

2. Other income

The details of other income were as follows:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
Dividend income	\$ 42,670	43,403	177,637	51,056

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The details of other gains and losses were as follows:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
Foreign exchange gains (losses)	\$ 763,021	76,715	2,005,491	(619,498)
Gains on financial assets (liabilities) at fair value through profit or loss	262,140	4,531	310,790	83,323
Losses on sale of receivables	(12,411)	(62,659)	(58,058)	(150,105)
Others	564,084	(112,098)	521,227	(398,972)
Net	<u>\$ 1,576,834</u>	<u>(93,511)</u>	<u>2,779,450</u>	<u>(1,085,252)</u>

4. Financial costs

The details of financial costs were as follows:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
Interest expenses	\$ <u>260,954</u>	<u>369,712</u>	<u>863,129</u>	<u>1,755,675</u>

(x) Financial instruments

Except for the condition mentioned below, there was no significant change in the fair value of the Group's financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. For the related information, please refer to Note (6)(w) of the consolidated financial statements for the year ended December 31, 2020.

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The following are the contractual maturities of financial liabilities of the Group, including estimated interest payments and excluding the impact of netting arrangements:

	<u>Carrying amount</u>	<u>Contractual cash flow</u>	<u>Within 6 months</u>	<u>6-12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>More than 5 years</u>
September 30, 2021							
Non-derivative financial liabilities							
Long-term and short-term borrowings	\$ 208,839,878	209,236,070	184,080,115	502,051	7,477,161	17,176,743	-
Short-term notes and bills payable	500,000	500,087	500,087	-	-	-	-
Payables	242,376,242	242,376,242	242,231,013	32,390	112,839	-	-
Lease liabilities	2,682,436	2,825,465	465,260	300,100	1,057,536	767,772	234,797
Derivative financial liabilities							
Other forward foreign exchange contract:							
Inflow	(3,227)	(3,227)	(3,227)	-	-	-	-
Outflow	4,896	4,896	4,896	-	-	-	-
	<u>\$ 454,400,225</u>	<u>454,939,533</u>	<u>427,278,144</u>	<u>834,541</u>	<u>8,647,536</u>	<u>17,944,515</u>	<u>234,797</u>
December 31, 2020							
Non-derivative financial liabilities							
Long-term and short-term borrowings	\$ 202,438,980	203,263,781	163,715,423	6,925,408	-	25,427,275	7,195,675
Payables	239,025,978	239,025,978	238,970,913	36,312	18,753	-	-
Lease liabilities	1,808,963	1,925,874	377,816	309,145	505,844	478,926	254,143
Derivative financial liabilities							
Forward foreign exchange contracts:							
Inflow	(2,546)	(2,546)	(2,546)	-	-	-	-
Outflow	6,563	6,563	6,563	-	-	-	-
	<u>\$ 443,277,938</u>	<u>444,219,650</u>	<u>403,068,169</u>	<u>7,270,865</u>	<u>524,597</u>	<u>25,906,201</u>	<u>7,449,818</u>

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	<u>Carrying amount</u>	<u>Contractual cash flow</u>	<u>Within 6 months</u>	<u>6-12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>More than 5 years</u>
September 30, 2020							
Non-derivative financial liabilities							
Long-term and short-term borrowings	\$ 172,838,629	173,073,878	153,859,728	12,130,641	-	-	7,083,509
Payables	244,302,147	244,302,147	244,078,725	63,223	160,199	-	-
Lease liabilities	1,951,793	2,067,607	411,999	398,089	579,612	464,800	213,107
Derivative financial liabilities							
Forward exchange contract:							
Inflow	(5,913)	(5,913)	(5,913)	-	-	-	-
Outflow	7,306	7,306	7,306	-	-	-	-
	<u>\$ 419,093,962</u>	<u>419,445,025</u>	<u>398,351,845</u>	<u>12,591,953</u>	<u>739,811</u>	<u>464,800</u>	<u>7,296,616</u>

The Group does not expect that the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

2. Market risks**1) Currency risks exposure**

Functional currency	Exchange rate	Currency	September 30, 2021	
			Foreign currency (in thousands)	Carrying amount
<u>Financial assets</u>				
<u>Monetary items</u>				
TWD	27.850	USD	\$ 11,896,141	331,307,209
TWD	0.249	JPY	6,758,809	1,682,943
USD	0.001	KRW	45,038,385	1,058,586
USD	0.009	JPY	6,294,457	1,570,358
USD	0.154	CNY	3,330,870	14,303,624
<u>Financial liabilities</u>				
<u>Monetary items</u>				
TWD	27.850	USD	9,141,412	254,954,039
USD	0.009	JPY	6,875,023	1,713,652
USD	0.154	CNY	3,018,642	12,962,838

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			December 31, 2020	
Functional currency	Exchange rate	Currency	Foreign currency (in thousands)	Carrying amount
Financial assets				
Monetary items				
TWD	28.100	USD	\$ 10,812,084	303,819,565
TWD	0.273	JPY	2,828,777	770,861
USD	0.033	THB	600,887	562,136
USD	0.010	JPY	4,034,605	1,096,072
USD	0.153	CNY	3,076,444	13,248,952
Financial liabilities				
Monetary items				
TWD	28.100	USD	\$ 8,847,362	249,214,935
USD	0.010	JPY	5,260,588	1,430,777
USD	0.153	CNY	3,000,390	12,921,418

			September 30, 2020	
Functional currency	Exchange rate	Currency	Foreign currency (in thousands)	Carrying amount
Financial assets				
Monetary items				
TWD	29.040	USD	\$ 11,152,872	323,879,235
TWD	0.275	JPY	2,999,115	824,457
USD	0.001	KRW	9,190,337	227,429
USD	0.009	JPY	4,351,523	1,198,024
USD	0.147	CNY	3,517,443	14,999,272
Financial liabilities				
Monetary items				
TWD	29.040	USD	7,885,605	229,384,073
USD	0.009	JPY	7,359,689	2,023,897
USD	0.147	CNY	3,008,949	12,832,289

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2) Sensitivity analysis

The Group's foreign exchange exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, loans and borrowings, accounts payable and other payables that are denominated in foreign currency. Assuming other variables remain the same, a 1% depreciation or appreciation of the TWD against foreign currency for the nine months ended September 30, 2021 and 2020, would have increased or decreased the net profit after tax by \$637,097 and \$767,459, respectively. The analysis is performed on the same basis for both periods.

3) Gains or losses on foreign exchange

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the nine months ended September 30, 2021 and 2020, foreign exchange (loss) gain (including realized and unrealized portions) amounted to \$2,005,491 and \$(619,498), respectively.

4) Interest rate analysis

Please refer to the notes on liquidity risk management and the Group's interest rate exposure to its financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding liabilities with variable interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year.

If the interest rate increases or decreases by 0.25% basis points, the Group's net income would have increased / decreased by \$169,024 and \$217,873 for the nine months ended September 30, 2021 and 2020, due to the Group's borrowings at variable rates. This analysis assumes that all other variables remain constant.

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5) Other price risks

If the equity price changes, and it is based on the same basis for both years and assumes that all other variables remain the same, the impact to comprehensive income will be as follows:

Equity price on the reporting date	For the Nine Months Ended September 30,			
	2021		2020	
	Other comprehensive income after-tax	Profit (loss) after-tax	Other comprehensive income after-tax	Profit (loss) after-tax
Stock—Increase 7%	\$ 705,813	37,143	521,928	2,139
Stock—Decrease 7%	\$ (705,813)	(37,143)	(521,928)	(2,139)
Beneficiary certificates—Increase 1%	\$ -	67,531	-	237,519
Beneficiary certificates—Decrease 1%	\$ -	(67,531)	-	(237,519)

3. Fair value information

1) The categories and fair values of financial instruments

The measurement basis of the financial assets and liabilities at fair value through profit or loss and the financial assets at fair value through other comprehensive income is repetitive. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

	September 30, 2021				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Mandatorily measured at fair value through profit or loss	\$ 7,283,753	6,174,975	-	1,108,778	7,283,753
Financial assets at fair value through other comprehensive income					
Public quoted equity	8,848,168	8,848,168	-	-	8,848,168
Private equity	1,234,881	-	-	1,234,881	1,234,881
Accounts receivable	35,357,910	-	-	-	-
Sub-total	45,440,959	8,848,168	-	1,234,881	10,083,049

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	September 30, 2021				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at amortized cost					
Cash and cash equivalents	176,202,484	-	-	-	-
Accounts receivable	185,860,850	-	-	-	-
Other receivables	1,268,807	-	-	-	-
Other financial assets	4,778,955	-	-	-	-
Sub-total	368,111,096	-	-	-	-
Total	<u>\$ 420,835,808</u>	<u>15,023,143</u>	<u>-</u>	<u>2,343,659</u>	<u>17,366,802</u>
Financial liabilities at fair value through profit or loss					
Forward foreign exchange contracts \$	1,669	-	1,669	-	1,669
Financial liabilities measured at amortized cost					
Short-term borrowings	183,994,378	-	-	-	-
Short-term notes and bills payable	500,000	-	-	-	-
Accounts payable and other payables	234,841,528	-	-	-	-
Long-term borrowings	24,845,500	-	-	-	-
Other financial liabilities	7,534,714	-	-	-	-
Lease liabilities	2,682,436	-	-	-	-
Sub-total	454,398,556	-	-	-	-
Total	<u>\$ 454,400,225</u>	<u>-</u>	<u>1,669</u>	<u>-</u>	<u>1,669</u>

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	December 31, 2020				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Mandatorily measured at fair value through profit or loss	\$ 25,433,541	24,937,544	-	495,997	25,433,541
Financial assets at fair value through other comprehensive income					
Public quoted equity	7,193,812	7,193,812	-	-	7,193,812
Private equity	1,216,787	-	-	1,216,787	1,216,787
Accounts receivable	10,664,404	-	-	-	-
Sub-total	19,075,003	7,193,812	-	1,216,787	8,410,599
Financial assets measured at amortized cost					
Cash and cash equivalents	207,370,966	-	-	-	-
Accounts receivable	188,255,361	-	-	-	-
Other receivables	2,393,034	-	-	-	-
Other financial assets	10,730,878	-	-	-	-
Sub-total	408,750,239	-	-	-	-
Total	\$ 453,258,783	32,131,356	-	1,712,784	33,844,140
Financial liabilities at fair value through profit or loss					
Forward foreign exchange contracts	\$ 4,017	-	4,017	-	4,017
Financial liabilities measured at amortized cost					
Short-term borrowings	164,902,580	-	-	-	-
Accounts payable and other payables	232,897,934	-	-	-	-
Long-term borrowings, current portion	5,620,000	-	-	-	-
Long-term borrowings	31,916,400	-	-	-	-
Other financial liabilities	6,128,044	-	-	-	-
Lease liabilities	1,808,963	-	-	-	-
Sub-total	443,273,921	-	-	-	-
Total	\$ 443,277,938	-	4,017	-	4,017

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	September 30, 2020				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Mandatorily measured at fair value through profit or loss	\$ 23,782,456	23,350,570	-	431,886	23,782,456
Financial assets at fair value through other comprehensive income					
Public quoted equity	5,914,811	5,914,811	-	-	5,914,811
Private equity	1,541,304	-	-	1,541,304	1,541,304
Accounts receivable	7,010,245	-	-	-	-
Sub-total	14,466,360	5,914,811	-	1,541,304	7,456,115
Financial assets measured at amortized cost					
Cash and cash equivalents	136,272,443	-	-	-	-
Accounts receivable	213,211,000	-	-	-	-
Other receivables	3,223,914	-	-	-	-
Other financial assets	16,293,832	-	-	-	-
Sub-total	369,001,189	-	-	-	-
Total	\$ 407,250,005	29,265,381	-	1,973,190	31,238,571
Financial liabilities at fair value through profit or loss					
Forward foreign exchange contracts	\$ 1,393	-	1,393	-	1,393
Financial liabilities measured at amortized cost					
Short-term borrowings	146,015,229	-	-	-	-
Accounts payable and other payables	237,540,344	-	-	-	-
Long-term borrowings, current portion	19,747,200	-	-	-	-
Long-term borrowings	7,076,200	-	-	-	-
Other financial liabilities	6,761,803	-	-	-	-
Lease liabilities	1,951,793	-	-	-	-
Sub-total	419,092,569	-	-	-	-
Total	\$ 419,093,962	-	1,393	-	1,393

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2) Valuation techniques for financial instruments not measured at fair value

The Group's financial assets and liabilities measured at amortized cost use the discounted cash flows to estimate fair values.

3) Valuation techniques for financial instruments measured at fair value

A. Non-derivative financial instruments

The fair value of financial instruments traded in an active market is based on quoted market price. The quotation, which is published by the main exchange center, is included in the fair value of the listed securities instruments.

The Group holds the financial instruments with the active market, the categories and characteristics of fair value are listed as follows:

Certificates-open-end mutual funds, stocks of public quoted companies and debt investments with quoted market price are the financial instruments with standard terms and conditions and traded in an active market. These fair values are based on market quoted price.

The Group holds the financial instrument without active market, the categories and characteristics of fair value are listed as follows:

Debt instrument without quoted prices: The discounted cash flow method is used to estimate the fair value. The main assumption for the model is to discount the expected future cash flow by using a discount rate that reflects the time value of money and risks.

Equity instrument without quoted prices: The market price method and the net asset value method are used to estimate the fair value. The market price method uses recent financing activity of investment target or market price of similar financial instrument, including consider market condition, to estimate fair value. The main assumption for the net asset value method is using the net asset value per share as the measuring basis.

B. Derivative financial instruments

Forward exchange rate to date is used to estimate the fair value of forward foreign contract.

4) For the nine months ended September 30, 2021 and 2020, there were no transferring from each level in the fair value hierarchy.

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5) Changes in level 3 of the fair value

	<u>At fair value through profit or loss</u>	<u>Fair value through other comprehensive income</u>
	<u>Non-derivative financial assets mandatorily measured at fair value through profit or loss</u>	<u>Unquoted equity instruments</u>
Balance as of January 1, 2021	\$ 495,997	1,216,787
Total gains and losses recognized		
In profit or loss	261,584	-
In other comprehensive income	-	181,590
Reclassification and effect of movements in exchange rate	(6)	-
Acquisition	351,203	-
Disposal / Redemption	-	(163,496)
Balance as of September 30, 2021	<u>\$ 1,108,778</u>	<u>1,234,881</u>
Balance as of January 1, 2020	\$ 472,193	1,667,659
Total gains and losses recognized		
In profit or loss	(15,696)	-
In other comprehensive income	-	(94,922)
Reclassification and effect of movements in exchange rate	(25)	-
Acquisition	122,764	7,470
Disposal / Redemption	(147,350)	(38,903)
Balance as of September 30, 2020	<u>\$ 431,886</u>	<u>1,541,304</u>

The aforementioned total gains and losses were recognized in “other gains and losses” and “unrealized gains and losses from financial assets at fair value through other comprehensive income”. The details of the assets which the Group still held as of September 30, 2021 and 2020, were as follows:

	<u>For the Three Months Ended September 30,</u>		<u>For the Nine Months Ended September 30,</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Total gains and losses recognized				
In profit or loss (accounted as “other gains and losses”)	\$ 255,995	(12,505)	261,584	(12,846)
In other comprehensive income (accounted as “unrealized gains and losses from financial assets at fair value through other comprehensive income”)	206,276	(5,611)	181,590	(94,922)

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- 6) Quantified information for significant unobservable inputs (level 3) used in fair value measurement

The Group's financial instruments that use Level 3 inputs to measure fair value primarily include financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income-equity investments.

Quantified information of significant unobservable inputs was as follows:

Item	Valuation techniques	Significant non-observable inputs	The relationship between significant Non-observable inputs and fair values
Financial assets at fair value through profit or loss-equity instruments without active market	Net asset value method	·Net asset value	·Not applicable
Financial assets at fair value through other comprehensive income-equity instruments without active market	Net asset value method	·Net asset value	·Not applicable
Financial assets at fair value through other comprehensive income-equity instruments without active market	Relative market comparison method	·Price-to-sales ratio multiple (2021.9.30 and 2020.12.31 are 14.38)	·The estimated fair value would increase if the multiples were higher

- (y) Financial risk management

There were no significant differences of the Group's financial risk management and policies with those disclosed in Note (6)(x) of the consolidated financial statements for the year ended December 31, 2020.

- (z) Capital Management

Management believes that the objectives, policies and processes of capital management of the Group have been applied consistently with those described in Note (6)(y) of the consolidated financial statements for the year ended December 31, 2020. Also, management believes that there were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2020.

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For the nine months ended September 30, 2021 and 2020, the Group's financing activities which did not affect the current cash flow were acquisition of right-of-use assets from leasing. Please refer to Note (6)(j).

Reconciliation of liabilities arising from financing activities were as follows:

			Non-cash changes		
	January 1, 2021	Cash flows	Others	Movements in exchange rate	September 30, 2021
Long-term borrowings	\$ 37,536,400	(12,685,769)	-	(5,131)	24,845,500
Short-term borrowings	164,902,580	19,376,707	-	(284,909)	183,994,378
Short-term notes and bills payable	-	500,000	-	-	500,000
Lease liabilities	1,808,963	(694,151)	1,582,421	(14,797)	2,682,436
Total liabilities from financing activities	<u>\$ 204,247,943</u>	<u>6,496,787</u>	<u>1,582,421</u>	<u>(304,837)</u>	<u>212,022,314</u>

			Non-cash changes		
	January 1, 2020	Cash flows	Acquisition	Movements in exchange rate	September 30, 2020
Long-term borrowings	\$ 40,648,500	(13,432,900)	-	(392,200)	26,823,400
Short-term borrowings	182,336,322	(35,427,044)	-	(894,049)	146,015,229
Lease liabilities	2,585,204	(674,804)	111,459	(70,066)	1,951,793
Total liabilities from financing activities	<u>\$ 225,570,026</u>	<u>(49,534,748)</u>	<u>111,459</u>	<u>(1,356,315)</u>	<u>174,790,422</u>

(7) Related Party Transactions**(a) Names and relationship with related parties**

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

<u>Name of related party</u>	<u>Relationship with the Group</u>
Quanta Culture & Education Foundation	Same chairman (other related parties)
Quanta Computer Employee Welfare Committee	Same person in charge (other related parties)
Quanta Arts Foundation	Same chairman (other related parties)
Quanta Medical Technology Foundation	Same chairman (other related parties)
Chinese National Association of Industry and Commerce, Taiwan (CNAIC)	The Company's chairman is a member of the council of CNAIC. (other related parties)
SINOCON Industrial Standards Foundation (SINOCON)	The Company's chairman is a member of the council of SINOCON. (other related parties)
EBN Technology Corporation	An investee company accounted for using equity method (Affiliates)
Guangsheng (Tianjin) Technology Co., Ltd.	An investee company accounted for using equity method (Affiliates)
Trump-link (Beijing) Technology Co., Ltd.	An investee company accounted for using equity method (Affiliates)

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Name of related party	Relationship with the Group
LIONS Taiwan Technology Inc.	An investee company accounted for using equity method (Affiliates)
NU Inc.	An investee company accounted for using equity method (Affiliates)

(b) Significant transactions with related parties**1.Revenues from related parties**

The amounts of significant sales between the Group and related parties were as follows:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
Affiliates	\$ 1,760,967	2,403,586	5,780,141	5,909,719
Other related parties	3,460	142	3,878	444
	\$ 1,764,427	2,403,728	5,784,019	5,910,163

There is no significant difference in terms and conditions of the sales to associates between those provided to third parties.

2.Purchases from related parties

The amounts of significant purchase transactions and outstanding balances between the Group and related parties were as follows:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
Affiliates	\$ 13	-	13	-

There is no significant difference in terms and conditions of the purchases from associates between those provided to the third parties.

3.Receivables from related parties

Receivables from related parties were as follows:

Account	Category of related party	September 30, 2021	December 31, 2020	September 30, 2020
Accounts receivable	Affiliates	\$ 1,035,848	515,479	1,237,735
Accounts receivable	Other related parties	1,132	-	-
Other receivables	Affiliates	4,291	-	-
Other receivables	Other related parties	5,949	2,732	3,103
		\$ 1,047,220	518,211	1,240,838

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Payables to related parties were as follows:

<u>Account</u>	<u>Category of related party</u>	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Accounts payable	Affiliates	\$ 9	-	-
Other payables	Other related parties	39,311	52,104	52,828
		<u>\$ 39,320</u>	<u>52,104</u>	<u>52,828</u>

5. Prepayments

<u>Account</u>	<u>Category of related party</u>	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Prepayments for business facilities	Affiliates	<u>\$ 585</u>	<u>-</u>	<u>-</u>

6. Others

	<u>For the Three Months Ended September 30,</u>		<u>For the Nine Months Ended September 30,</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
<u>Affiliates</u>				
Other income	\$ 5	15	55	30
Other losses	-	-	(1,050)	-
	<u>\$ 5</u>	<u>15</u>	<u>(995)</u>	<u>30</u>
<u>Other related parties</u>				
Rental income	\$ 7,234	5,238	18,618	13,899
Other income	1,519	1,121	2,992	2,711
Donation expenses	(7,000)	(41,720)	(55,000)	(58,318)
Employee benefits	(125,486)	(154,545)	(370,618)	(376,377)
Other losses	-	-	(669)	(88)
	<u>\$ (123,733)</u>	<u>(189,906)</u>	<u>(404,677)</u>	<u>(418,173)</u>

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Compensation for key management personnel includes:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
Short-term employee benefits	\$ 305,443	295,420	837,421	642,699
Post-employment benefits	567	648	1,738	1,976
	\$ 306,010	296,068	839,159	644,675

(8) Pledged Assets

The book values of pledged assets were as follows:

Pledged assets	Object	September 30, 2021	December 31, 2020	September 30, 2020
Pledged time deposits	Bank borrowings, customs collateral\$ and deposits for factory lease, etc.	329,321	9,480,702	15,167,127
Restricted bank deposit	Government project deposit	15,503	19,086	-
Guarantee deposits paid	Deposits for office and factory lease, and long-term material purchase contracts, etc.	232,417	207,176	219,313
		\$ 577,241	9,706,964	15,386,440

(9) Significant Commitments and Contingencies

- (a) Promissory notes issued as guarantee for purchasing, borrowings, foreign exchange forward contracts and import or export bills advance were as follows:

	September 30, 2021	December 31, 2020	September 30, 2020
TWD	\$ 43,400,000	43,737,400	42,118,000
USD (in thousands)	9,800,450	8,963,150	8,864,150

- (b) As of September 30, 2021, December 31, 2020, and September 30, 2020, the guarantee notes received from outsourcing, vendor performance, and construction contracts amounted to \$578,871 and \$594,946 and \$578,117, respectively.

QUANTA COMPUTER INC. AND SUBSIDIARIES

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(c) Significant litigation:

1.Litigation 1:

In October 2017, QSI and its subsidiary, Quanta Storage America, Inc., received the investigation result of the antitrust lawsuit from the European Union Court. The result included a fine of \$7,146 thousand Euros imposed on QSI. QSI had received the formal verdict and recognized relevant losses and provisions. Meanwhile, QSI had appealed to the European Union Court.

2.Litigation 2:

In March 2014, QSI and its subsidiary, Quanta Storage America, Inc., noticed that HP Inc. filed an antitrust lawsuit on DVD players. On October 25, 2019, the jury of the court of Southern District of Texas determined the facts that QSI and its subsidiary, Quanta Storage America, Inc., were involved in anti-competitive practices. The first-instance court ruled that the plaintiff was permitted to be compensated USD 176,000 thousand by all the defendants (including QSI and its subsidiary, Quanta Storage America, Inc., Sony Optiarc Inc., Toshiba Corp., Hitachi-LG Data Storage Inc., Panasonic Corp., NEC Corp., and Samsung Electronics Co. Ltd.) for damages of selling the products. The plaintiff (HP Inc.) made a further motion to the district court judge in accordance with Federal law in order to claim a higher compensation after the first judgment. On January 3, 2020, QSI and its subsidiary, Quanta Storage America, Inc., noticed that the court of Southern District of Texas made an amended judgment in response to the plaintiff's (HP Inc.'s) motion, with the compensation amount increased to USD 528,000 thousand. After deducting the settlement money amounted to USD 89,350 thousand negotiated by the plaintiff (HP Inc.) and the other defendants, the remaining compensation amounted to USD 438,650 thousand will be fully paid by QSI and its subsidiary, Quanta Storage America, Inc.. QSI has received the formal verdict and accrued relevant losses and provisions in the annual report of 2019. Meanwhile, QSI has appealed to the U.S. Fifth Circuit.

In the first quarter of 2020, the plaintiff (HP Inc.) requested the court of Southern District of Texas to enforce the properties of QSI. At the request of the court, QSI transferred the intellectual property rights in the United States to the court for custody. Meanwhile, QSI claimed to the court of Southern District of Texas that QSI was unable to fully cooperate with the enforcement. The plaintiff (HP Inc.) considered that QSI's claim applied to "Contempt of Court" and requested the court of Southern District of Texas to penalize against the claim. The penalty started from May 1, 2020. QSI has appealed against the penalty to the U.S. Fifth Circuit according to the order of the United States Court of Appeals. On April 30, 2020, the U.S. Fifth Court has approved the temporary suspension of the original penalty adjudged by the court of Southern District of Texas. However, the court of Southern District of Texas could still determine whether to execute the penalty ex-officio. On June 7, 2020, QSI has received a joint appeal decision of antitrust lawsuit on DVD players and turnover order from the U.S. Fifth Circuit. The U.S. Fifth Court decided to remain the same judgment on the antitrust lawsuit with the compensation amounted to USD 438,650 thousand. The U.S. Fifth Court also made the judgment on turnover order, which invalidate the original transfer date of properties.

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On June 19, 2020, QSI and the plaintiff (HP Inc.) had settled and signed the confidential reconciliation agreement. Both parties agreed to withdraw all related litigation. QSI has dealt with the case according to the reconciliation agreement and the related accounting standard and regulations.

3.Litigation 3:

In June 2017, QSI and its subsidiary, Quanta Storage America, Inc., noticed that FTI Consulting, Inc. filed an expert and witness fee arbitration with American Arbitration Association. American Arbitration Association made an arbitration result on October 15, 2018 that QSI and its subsidiary, Quanta Storage America, Inc., have to pay USD\$625 thousand. The arbitration claimant has requested the court to recognize the result on September 24, 2020 and has requested the court to extend the schedule of the case on March 22, 2021. Both parties have signed the reconciliation agreement on May 18, 2021 and paid the settlement fee which was recognized as other gains and losses.

4.Litigation 4:

The subsidiary, TMT, received the notice of contract dispute about human resource from the outsourcing human resourcing agency in May 2020. The claiming amount of the contract dispute is THB 6,229 thousand. TMT has appointed external attorney to manage this case.

QSI and its subsidiaries will evaluate the reasonableness of recognized expenses during every financial reporting period based on the nature of the case, the expected loss and materiality of the amount, the progress of the case, and the comments of the professional consultants. Also, QSI and its subsidiaries have made necessary adjustments in a manner deemed appropriate. However, the final amount will not be set until the termination of related cases. Although QSI and its subsidiaries will actively defend the aforementioned cases which have not yet reconciled and which are still in progress, the potential losses (if any) cannot be calculated accurately at the present time due to the unpredictability nature of legal cases. QSI and its subsidiaries cannot rule out the possibility that they fail to win or settle all the related cases. The related fines, judgement amounts, or reconciliation might have material negative impact on the business, operations, and prospects of QSI and its subsidiaries.

(10) Losses Due to Major Disasters : None.

(11) Subsequent Events

The Board of Directors of subsidiary, Quanta Storage Inc., approved the purchase of real estate from the Company and signed the real estate purchase contract on October 19, 2021 for the purpose of constructing headquarters building and R&D center.

The transaction amounted to \$480,000, and the ownership transfer procedure has begun.

QUANTA COMPUTER INC. AND SUBSIDIARIES**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****SEPTEMBER 30, 2021 AND 2020****(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,****UNLESS OTHERWISE SPECIFIED)****(12) Others**

- (a) The employee benefits, depreciation, depletion and amortization expenses categorized by function were as follows:

By function		For the Three Months Ended September 30, 2021			For the Three Months Ended September 30, 2020		
By item		Operating cost	Operating expense	Total	Operating cost	Operating expense	Total
Employee benefits							
Salary		6,187,942	4,232,915	10,420,857	6,426,472	4,493,819	10,920,291
Labor and health insurance		572,976	265,786	838,762	499,076	244,112	743,188
Pension		610,435	196,485	806,920	546,735	171,073	717,808
Others		790,533	158,695	949,228	548,727	184,487	733,214
Depreciation		1,435,472	319,422	1,754,894	1,406,449	297,690	1,704,139
Amortization		220,671	101,764	322,435	218,624	111,155	329,779

By function		For the Nine Months Ended September 30, 2021			For the Nine Months Ended September 30, 2020		
By item		Operating cost	Operating expense	Total	Operating cost	Operating expense	Total
Employee benefits							
Salary		18,723,583	12,249,153	30,972,736	17,983,982	11,361,516	29,345,498
Labor and health insurance		1,688,144	840,295	2,528,439	1,249,270	703,933	1,953,203
Pension		1,838,530	567,312	2,405,842	1,329,533	467,083	1,796,616
Others		2,416,092	460,708	2,876,800	1,853,090	498,404	2,351,494
Depreciation		4,247,377	949,843	5,197,220	4,342,992	870,622	5,213,614
Amortization		646,598	284,573	931,171	639,104	294,190	933,294

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(13) Other Disclosures

(a) Information on significant transactions

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the nine months ended September 30, 2021:

1. Fund financing to other parties:

(Amounts Expressed in Thousands of New Taiwan Dollars)

Number (Note 1)	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other party during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 2)	Transaction amount for business between two parties	Reasons for short- term financing	Loss allowance	Collateral		Individual funding loan limits (Note 3)	Maximum limit of fund financing (Note 3)
													Name	Value		
0	The Company	KSH	Other receivables	Yes	690,680	-	-	-	2	-	Operating Capital	-	-	-	59,841,492	59,841,492
"	"	QCH	"	Yes	91,905,000	91,905,000	32,562,070	-	1	210,304,418	Business Contact	-	-	-	149,603,730	149,603,730
"	"	TFQ	"	Yes	22,280,000	22,280,000	22,280,000	-	1	449,290,805	Business Contact	-	-	-	149,603,730	149,603,730
1	SJDT	KSH	"	Yes	167,100	-	-	-	2	-	Operating Capital	-	-	-	1,192,914	1,192,914
2	DGDT	FDDT	"	Yes	34,813	34,813	33,420	0.60%	2	-	Operating Capital	-	-	-	1,664,331	1,664,331

Note 1: The numbers denote the following:

- 0 is issuer.
- Investees are listed by names and numbered starting with 1.

Note 2: Purpose of fund financing for the borrower:

- For those companies with business contact, please fill in 1.
- For those companies with short-term financing needs, please fill in 2.

Note 3: Maximum limitation on fund financing:

(1) Limitation on the Company's total fund financing amount and individual party

- The Company's cumulative total of fund financing amount (including business contact and short-term financing), cannot exceed its net asset value.
- The cumulative amount of short-term financing cannot exceed 40% of the net asset value on its most recent financial statements. The amount of each fund financing cannot exceed the borrower's double net asset value, and should be calculated in combination with the amount of guarantees and endorsements for those companies. For subsidiaries not within the territory of the ROC that are 100% directly or indirectly owned by the Company, the amount of fund financing is not restricted to this regulation. However, the cumulative amount still cannot exceed 40% of the Company's net asset value. For each applying for loans due to business contact, the fund financing amount is limited to its amount of business contact in current portion. Before proceeding the fund financing application, each application should be assessed carefully in accordance with the regulations of Article 3, paragraph 1, of this operating procedure. If it complies with the requirements, the current and previous amount of financing should be aggregated. If the aggregate amount exceeds the amount limitation of "business contact", the excess amount should be reclassified as "short-term financing", and the fund financing items and amounts should be listed separately when the Board of Directors reports the resolution.
- The net asset value mentioned above refers to total equity attributable to owners of the parent on the balance sheet which is certified by the external accountant.

(2) Limitation on the subsidiaries' total fund financing amount and individual party

- The Company's total fund financing amount cannot exceed four times of its net asset value.
- For those companies with business contact, the amount of each fund financing cannot exceed the trading amount between the two parties. The trading amount means the higher of sales or purchases.
- For those companies with short-term financing needs, the amount of each fund financing cannot exceed two times of the borrower's net asset value, and should be calculated together with guarantees and endorsements for those companies. For foreign companies that are 100% directly or indirectly owned by the Company, or foreign companies that are 100% directly or indirectly owned by the Company leading to the Company, the amount of fund financing is not restricted to above 3 items. However, the amount of each fund financing cannot exceed four times of the Company's net asset value.

Note 4: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

QUANTA COMPUTER INC. AND SUBSIDIARIES

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2. Guarantees and endorsements for other parties:

(Amounts Expressed in Thousands of New Taiwan Dollars)

Number (Note 1)	Name of the guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (Note 2)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged on guarantees and endorsements	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note 2)	Parent company endorsements guarantees to third parties on behalf of subsidiary	Subsidiary endorsements guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company (Note 3)										
0	The Company	QIL	2	149,603,730	19,912,750	19,912,750	5,291,500	-	13.31 %	149,603,730	Y		
1	TFQ	YDCQ	1	15,397,248	277,839	277,839	171,770	-	0.19 %	15,397,248			Y
"	"	TCQ	1	15,397,248	195,341	195,341	-	-	0.13 %	15,397,248			Y

Note 1: 0 is issuer.

Note 2: Maximum amount for guarantees and endorsements:

1. The total amount of guarantees and endorsements cannot exceed 50% of the Company's net asset value for the current year.
2. The amount of each guarantee and endorsement cannot exceed 20% of the Company's net asset value for the current year.
3. If the amount of each guarantee and endorsement reaches \$10,000, the aggregate of the amount of guarantee and endorsement, long-term investment, and fund financing cannot exceed 30% of the Company's net asset value stated in recent financial statements.
4. For guarantees and endorsements to those companies with business contact, the accumulated amount cannot exceed the trading amount between the two parties for the current year.
5. For companies that are more than 90% directly or indirectly owned by the Company, the amount of each guarantee and endorsement cannot exceed 10% of the Company's net asset value.
6. For companies that are 100% directly or indirectly owned by the Company, the amount of each guarantee and endorsement is not restricted to item 1, but cannot exceed the Company's net asset value for the current year.
7. The total amount of guarantees and endorsements of the Company and its subsidiaries cannot exceed 50% of the Company's net asset value for the current year. The amount of guarantees and endorsements of the Company and its subsidiaries for each company cannot exceed 20% of the Company's net asset value for the current year.

Note 3: Relationship with the Company:

1. The company has business relationship.
2. Subsidiaries in which the Company holds more than 50% of its total outstanding common shares.
3. The investee company which is held more than 50% of its total outstanding common shares by the Company and its subsidiaries.

Note 4: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

3. Information regarding securities held at balance sheet date (excluding investment in subsidiaries, associates and joint ventures):

(Amounts Expressed in Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with the Company	Account title	Ending balance				Note
				Number of shares	Book value	Percentage of shares	Fair value (Note 1)	
The Company	Beneficiary Certificate							
	Taishin 1699 Money Market Fund	-	Current financial assets-mandatorily measured at FVTPL	117,242,927	1,602,816	- %	1,602,816	
	Jih Sun Money Market Fund	-	"	46,777,097	700,693	- %	700,693	
	Union Money Market Fund	-	"	22,209,463	296,048	- %	296,048	
	Prudential Financial Money Market Fund	-	"	18,807,172	300,606	- %	300,606	
	FSITC Taiwan Money Market Fund	-	"	32,370,841	500,537	- %	500,537	
	Yuanta De-Li Money Market Fund	-	"	2,969,385	48,883	- %	48,883	
	Franklin Templeton Sinoam Money Market Fund	-	"	86,234,247	900,967	- %	900,967	
	Capital Money Market Fund	-	"	12,853,265	209,372	- %	209,372	

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)

REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS AS OF SEPTEMBER 30, 2021 AND 2020

QUANTA COMPUTER INC. AND SUBSIDIARIES**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****SEPTEMBER 30, 2021 AND 2020****(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,****UNLESS OTHERWISE SPECIFIED)**

Name of holder	Category and name of security	Relationship with the Company	Account title	Ending balance				Note
				Number of shares	Book value	Percentage of shares	Fair value (Note 1)	
The Company	<u>Common Stock</u>							
	Ever Fortune.AI Co., Ltd.	-	Non-current financial assets-mandatorily measured at FVTPL	2,573,000	301,954	2.86 %	301,954	
	PlusAI Corp. (Cayman)	-	"	13,505,692	194,950	0.68 %	194,950	
	Amphastar Pharmaceuticals, Inc.	-	"	39,622	20,977	0.08 %	20,977	
	AU Optronics Corporation	-	Current financial assets at FVOCI	443,930,307	7,835,370	4.61 %	7,835,370	
	High Power Lighting Corp.	-	Non-current financial assets at FVOCI	638,085	6,381	2.75 %	6,381	
	Cyberon Corporation	-	"	1,779,360	171,610	15.56 %	171,610	
	CDIB Bioscience Ventures I, Inc.	-	"	3,545,123	26,464	16.00 %	26,464	
	Maxima Ventures I, Inc., Taiwan	-	"	105,000	4,274	18.79 %	4,274	
	CDIB Capital Innovation Accelerator Co., Ltd.	-	"	15,000,000	171,283	17.86 %	171,283	
	<u>Other</u>							
	Morgan Stanley Dean Witter Venture Partners IV, L.P.	-	"	-	426	- %	426	
	SBCVC Fund III, L.P.	-	"	-	17,227	- %	17,227	
	Viscovery (Cayman) Holding Company Ltd.	-	"	1,000,391	27,861	4.52 %	27,861	
	Translink Capital Partners II, L.P.	-	"	-	205,484	- %	205,484	
	Tier IV, Inc.	-	"	125,000	249,000	1.77 %	249,000	
	Lumus, LTD.	-	"	93,347	29,065	2.06 %	29,065	
	PHI Fund, L.P.	-	Non-current financial assets-mandatorily measured at FVTPL	-	335,767	- %	335,767	
QIL	<u>Common Stock</u>							
	WK Global Investment III Ltd.	-	Non-current financial assets at FVOCI	903,657	116,822	6.58 %	116,822	
QSI	<u>Common Stock</u>							
	Taiwan Mobile Co., Ltd.	-	Current financial assets at FVOCI	2,556,000	252,788	0.07 %	252,788	
	Far EasTone Telecommunications Co., Ltd.	-	"	3,709,000	228,104	0.11 %	228,104	
	Chuanghai Telecom Co., Ltd.	-	"	2,720,000	300,560	0.04 %	300,560	
	Far Eastern New Century Corporation	-	"	80,000	2,388	- %	2,388	
	<u>Beneficiary Certificate</u>							
"	Jih Sun Money Market Fund	-	Current financial assets-mandatorily measured at FVTPL	21,769,250	326,090	- %	326,090	
	Franklin Templeton Sinoam Money Market Fund	-	"	22,454,530	234,603	- %	234,603	

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Name of holder	Category and name of security	Relationship with the Company	Account title	Ending balance				Note
				Number of shares	Book value	Percentage of shares	Fair value (Note 1)	
QSI (CAYMAN)	<u>Common Stock</u>							
	BluSense	-	Non-current financial assets-mandatorily measured at FVTPL	24,000	720	6.42 %	720	
TRI	<u>Beneficiary Certificate</u>							
	Jih Sun Money Market Fund	-	Current financial assets-mandatorily measured at FVTPL	4,230,443	63,369	- %	63,369	
QMIT	<u>Beneficiary Certificate</u>							
	Shin Kong Chi-Shin Money Market Fund	-	"	23,970,988	374,664	- %	374,664	
QVC	<u>Common Stock</u>							
	PK Venture Capital Co., Ltd.	-	Non-current financial assets at FVOCI	642,600	3,193	13.33 %	3,193	
"	High Power Lighting Corp.	-	"	521,117	5,211	2.25 %	5,211	
"	Ostar Meditech Corp.	-	"	834,000	-	11.64 %	-	
"	Lumus, LTD.	-	"	168,023	52,316	3.70 %	52,316	
"	Amphastar Pharmaceuticals, Inc.	-	Non-current financial assets-mandatorily measured at FVTPL	22,701	12,019	0.05 %	12,019	
"	<u>Other</u>							
	Translink Capital Partners III L.P.	-	Non-current financial assets at FVOCI	-	159,856	- %	159,856	
"	China Renewable Energy Fund, L.P.	-	Non-current financial assets-mandatorily measured at FVTPL	-	275,387	- %	275,387	
QCTI	<u>Beneficiary Certificate</u>							
	Mega Diamond Money Market Fund	-	Current financial assets-mandatorily measured at FVTPL	12,494,581	158,329	- %	158,329	
"	Union Money Market Fund	-	"	8,889,070	118,490	- %	118,490	
"	FSITC Taiwan Money Market Fund	-	"	13,766,423	212,865	- %	212,865	
"	<u>Common Stock</u>							
	High Power Lighting Corp.	-	Non-current financial assets at FVOCI	476,982	4,770	2.06 %	4,770	
RTK	<u>Common Stock</u>							
	Quanta Computer Inc.	Parent company of RTK	"	8,108,885	628,439	0.21 %	628,439	
"	Ostar Meditech Corp.	-	"	258,914	-	3.61 %	-	
"	E.SUN Financial Holdings Co., Ltd.	-	"	2,577,602	67,791	0.02 %	67,791	
"	Mega Financial Holdings Co., Ltd.	-	"	1,770,000	56,728	0.01 %	56,728	
"	First Financial Holding Co., Ltd.	-	"	790,000	17,815	0.01 %	17,815	
"	Taiwan Mobile Co., Ltd.	-	"	230,000	22,747	0.01 %	22,747	
"	Taiwan Cooperative Financial Holdings Co., Ltd.	-	"	2,150,017	47,515	0.02 %	47,515	
QCTTW	<u>Beneficiary Certificate</u>							
	Union Money Market Fund	-	Current financial assets-mandatorily measured at FVTPL	7,025,380	93,647	- %	93,647	

Note 1: The market values for non-public listed companies are the net asset values. The net asset values use recent unaudited financial statements of those companies.

Note 2: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

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4. Accumulated buying/selling of the same marketable securities for which the dollar amount reaches \$300 million or 20% or more of paid-in capital:

(Amounts Expressed in Thousands of New Taiwan Dollars)

Name of Company	Category and name of security	Account name	Name of counter-party	Relationship with the Company	Beginning balance		Purchases		Sales				Ending balance	
					Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Price	Cost	Disposal gain (loss)	Shares/Units	Amount
Quanta Computer Inc.	Taishin 1699 Money Market Fund	Current financial assets-mandatorily measured at FVTPL	-	-	183,959,528	2,510,293	593,136,491	8,104,290	659,853,092	9,016,084	9,011,650	4,434	117,242,927	1,602,816
"	Taishin Ta-Chong Money Market Fund	"	-	-	60,439,387	865,516	93,518,024	1,340,314	153,957,411	2,206,816	2,205,788	1,028	-	-
"	Yuanta Wan Tai Money Market Fund	"	-	-	64,962,531	991,017	53,985,293	823,600	118,947,824	1,814,678	1,814,600	78	-	-
"	Jih Sun Money Market Fund	"	-	-	52,704,635	787,934	193,767,684	2,900,867	199,695,222	2,989,389	2,988,102	1,287	46,777,097	700,693
"	Hua Nan Phoenix Money Market Fund	"	-	-	100,707,326	1,650,170	72,169,258	1,184,000	172,876,584	2,835,113	2,834,135	978	-	-
"	Hua Nan Kirin Money Market Fund	"	-	-	112,506,344	1,357,434	83,399,210	1,007,290	195,905,554	2,365,420	2,364,668	752	-	-
"	Union Money Market Fund	"	-	-	138,876,752	1,848,408	185,197,285	2,467,083	301,864,574	4,021,053	4,019,364	1,689	22,209,463	296,048
"	Prudential Financial Money Market Fund	"	-	-	43,766,790	698,295	106,484,721	1,700,918	131,444,339	2,099,682	2,098,571	1,111	18,807,172	300,606
"	FSITC Taiwan Money Market Fund	"	-	-	89,368,120	1,379,263	116,518,945	1,800,789	173,516,224	2,680,990	2,679,449	1,541	32,370,841	500,537
"	FSITC Money Market Fund	"	-	-	10,315,306	1,855,208	13,055,405	2,350,297	23,370,711	4,207,171	4,205,422	1,749	-	-
"	Nomura Taiwan Money Market Fund	"	-	-	44,905,414	738,420	-	-	44,905,414	738,742	738,401	341	-	-
"	Fubon Chi-Hsiang Money Market Fund	"	-	-	132,918,817	2,100,596	34,290,125	542,000	167,208,942	2,643,126	2,642,558	568	-	-
"	Fuh Hwa Money Market Fund	"	-	-	29,252,664	425,451	-	-	29,252,664	425,530	425,436	94	-	-
"	Yuanta De-Li Money Market Fund	"	-	-	18,290,339	300,673	42,417,368	697,744	57,738,322	949,871	949,519	352	2,969,385	48,883
"	Capital Money Market Fund	"	-	-	113,221,390	1,841,591	181,120,819	2,948,454	281,488,944	4,582,445	4,580,585	1,860	12,853,265	209,372
"	TCB Taiwan Money Market Fund	"	-	-	87,763,259	898,485	29,302,312	300,000	117,065,571	1,198,884	1,198,470	414	-	-

QUANTA COMPUTER INC. AND SUBSIDIARIES

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Name of Company	Category and name of security	Account name	Name of counter-party	Relationship with the Company	Beginning balance		Purchases		Sales				Ending balance	
					Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Price	Cost	Disposal gain (loss)	Shares/Units	Amount
Quanta Computer Inc.	CTBC Hwa-win Money Market Fund	Current financial assets-mandatorily measured at FVTPL	-	-	119,619,881	1,328,678	34,345,404	381,680	153,965,285	1,710,815	1,710,350	465	-	-
"	Franklin Templeton Sinoam Money Market Fund	"	-	-	84,538,110	881,597	258,702,740	2,701,408	257,006,603	2,683,652	2,681,996	1,656	86,234,247	900,967
QSI	Union Money Market Fund	"	-	-	10,816,787	143,968	32,035,537	426,585	42,852,324	570,748	570,538	210	-	-
TRI	Jih Sun Money Market Fund	"	-	-	26,202,374	391,725	-	-	21,971,931	329,000	328,139	861	4,230,443	63,369

5. Acquisition of real estate for which the dollar amount reaches \$300 million or 20% or more of paid-in capital :

(Amounts Expressed in Thousands of New Taiwan Dollars)

Name of company	Type of property	Transaction date	Transaction amount	Status of payment	Counterparty	Relationship	If the counter-party is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition	Others
							Owner	Relationship with the company	Date of transfer	Amount			
QMB	Land	2021/03/23	376,093	376,093	Individual	Non-related	-	-	-	-	Bargain	Reserved location for future expansion	None

6. Disposition of real estate for which the dollar amount reaches \$300 million or 20% or more of paid-in capital:

(Amounts Expressed in Thousands of New Taiwan Dollars)

Name of company	Type of property	Transaction date	Acquisition date	Book value	Transaction amount	Status of collection	Gain (loss) on disposal	Counterparty	Relationship	Purpose of disposal	References for determining price	Other
Techman	Land and Buildings	2021/09/15	2009/01~2014/04	437,023	493,840	Collected 10% deposit	Note 1	Suzhou yonghao technology Inc.	Non-related	Funds operation	Refer to the market price and appraisal report	None

Note 1: As of September 30, 2021, the transaction has not yet been completed, and these assets were accounted as non-current assets classified as held for sale.

7. Related-party transactions for purchases and sales with amounts exceeding the lower of \$100 million or 20% of the capital stock:

(Amounts Expressed in Thousands of New Taiwan Dollars)

(Amounts Expressed in Thousands of New Taiwan Dollars)											
Name of company	Related party	Nature of relationship	Transaction details				Reasons why and description of how the transaction conditions differ from general transactions		Account/note receivable (payable)		Notes
			Purchase/ Sale	Amount	Percentage of total purchases/ sales	Payment terms	Unit price	Payment terms	Ending Balance	Percentage of total accounts/ notes receivable (payable)	
Quanta Computer Inc.	QCH	Associate	Sales	(145,754,810)	(19.78)%	Net 45~240 days	-	-	63,454,038	25.63 %	
"	QCTJ	"	"	(3,549,203)	(0.48)%	"	-	-	1,715,250	0.69 %	
"	QCTK	"	"	(1,188,512)	(0.16)%	"	-	-	1,180,569	0.48 %	
"	QCT-USA	"	"	(3,128,043)	(0.42)%	"	-	-	1,219,184	0.49 %	

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Name of company	Related party	Nature of relationship	Transaction details				Reasons why and description of how the transaction conditions differ from general transactions		Account/note receivable (payable)		Notes
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending Balance	Percentage of total accounts/notes receivable (payable)	
Quanta Computer Inc.	QDL(HK)	Associate	Sales	(1,434,925)	(0.20)%	Net 45~240 days	-	-	903,756	0.37 %	
"	QCTTW	"	"	(1,103,233)	(0.15)%	Net 120 days	-	-	1,019,578	0.41 %	
"	TFC	"	Purchases	34,752,684	4.03 %	Net 45~120 days	-	-	(1,636,126)	(2.97)%	
"	TCC	"	"	397,215,284	46.11 %	"	-	-	(29,653,751)	(53.82)%	
"	TNC	"	"	101,976	0.01 %	"	-	-	-	- %	
"	TFQ	"	"	406,954,225	47.24 %	"	-	-	-	- %	
"	TCQ	"	"	13,626,532	1.58 %	"	-	-	-	- %	
"	QMB	"	"	6,393,539	0.74 %	"	-	-	-	- %	
"	QCH	"	"	2,473,027	0.29 %	Net 45~240 days	-	-	-	- %	
QSI	QSA	"	"	1,196,833	18.72 %	Net 90 days	-	-	(42,424)	(2.19)%	
"	QSS	"	"	2,423,637	37.91 %	"	-	-	(1,107,310)	(57.22)%	
"	TMT	"	"	2,544,804	39.81 %	"	-	-	(665,215)	(34.38)%	
"	"	"	Sales	(135,696)	(1.88)%	"	-	-	43,701	2.06 %	
QSA	QSI	The same ultimate parent company	"	(1,196,833)	(66.62)%	"	-	-	42,424	6.62 %	
"	TMT	Associate	"	(598,448)	(33.31)%	"	-	-	598,120	93.35 %	
QSS	QSI	The same ultimate parent company	"	(2,423,637)	(99.80)%	"	-	-	1,107,301	97.94 %	
TMT	"	"	"	(2,544,804)	(98.87)%	"	-	-	663,665	99.57 %	
"	"	"	Purchases	135,696	4.43 %	"	-	-	(43,701)	(2.38)%	
"	QSA	Associate	"	598,448	19.53 %	"	-	-	(598,120)	(32.55)%	
RTK	TGC	The same ultimate parent company	"	398,982	44.12 %	Net 60 days	-	-	(87,235)	(29.54)%	
QDL(HK)	Quanta Computer Inc.	Ultimate parent company	"	1,434,925	100.00 %	Net 45~240 days	-	-	(903,756)	(100.00)%	
QCH	"	"	"	145,754,810	86.67 %	"	-	-	(63,454,038)	(91.69)%	
"	QMN	Associate	"	1,393,352	0.83 %	Net 120 days	-	-	(402,831)	(0.58)%	
"	Quanta Computer Inc.	Ultimate parent company	Sales	(2,473,027)	(1.45)%	Net 45~240 days	-	-	-	- %	
QCT-USA	"	"	Purchases	3,128,043	88.15 %	"	-	-	(1,219,184)	(100.00)%	
QCTK	"	"	"	1,188,512	100.00 %	"	-	-	(1,180,569)	(100.00)%	
QCTJ	"	"	"	3,549,203	96.86 %	"	-	-	(1,715,250)	(100.00)%	

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Name of company	Related party	Nature of relationship	Transaction details				Reasons why and description of how the transaction conditions differ from general transactions		Account/note receivable (payable)		Notes
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending Balance	Percentage of total accounts/notes receivable (payable)	
QMN	QCH	Associate	Sales	(1,393,352)	(95.12)%	Net 120 days	-	-	402,831	92.43 %	
QMB	TCC	The same ultimate parent company	Purchases	5,158,922	31.43 %	Net 45 days	-	-	(1,342,448)	(14.72)%	
"	Quanta Computer Inc.	Ultimate parent company	Sales	(6,393,539)	(38.75)%	Net 45~120 days	-	-	-	- %	
"	TCC	The same ultimate parent company	"	(10,106,124)	(61.25)%	"	-	-	1,820,167	37.12 %	
TGC	RTK	"	"	(398,982)	(88.89)%	Net 60 days	-	-	87,235	13.82 %	
TLC	TCC	Associate	"	(260,798)	(31.65)%	Net 60~120 days	-	-	91,228	37.38 %	
"	TFC	"	"	(137,203)	(16.65)%	Net 45~120 days	-	-	19,927	8.17 %	
"	TCC	"	Purchases	345,429	44.84 %	Net 60~120 days	-	-	(49,434)	(80.03)%	
TCC	Quanta Computer Inc.	Ultimate parent company	Sales	(397,215,284)	(97.34)%	Net 45~120 days	-	-	29,653,751	67.56 %	
"	TLC	Associate	"	(345,429)	(0.09)%	Net 60~120 days	-	-	49,434	0.11 %	
"	TFC	"	"	(129,398)	(0.03)%	Net 45~120 days	-	-	19,936	0.05 %	
"	QMB	The same ultimate parent company	"	(5,158,922)	(1.27)%	Net 45 days	-	-	1,342,448	3.06 %	
"	TTC	Associate	"	(5,166,246)	(1.27)%	"	-	-	2,994,598	6.82 %	
"	TLC	"	Purchases	260,798	0.06 %	Net 60~120 days	-	-	(91,228)	(0.09)%	
"	TFQ	"	"	639,584	0.16 %	Net 45~120 days	-	-	(143,031)	(0.14)%	
"	QMB	The same ultimate parent company	"	10,106,124	2.51 %	"	-	-	(1,820,167)	(1.83)%	

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Name of company	Related party	Nature of relationship	Transaction details				Reasons why and description of how the transaction conditions differ from general transactions		Account/note receivable (payable)		Notes
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending Balance	Percentage of total accounts/notes receivable (payable)	
TNC	Quanta Computer Inc.	Ultimate parent company	Sales	(101,976)	(100.00)%	Net 45~120 days	-	-	-	-	%
TFC	"	"	"	(34,752,684)	(82.35)%	"	-	-	1,636,126	7.41	%
"	TTC	Associate	"	(250,688)	(0.59)%	"	-	-	92,269	0.42	%
"	YDCQ	"	"	(5,774,998)	(13.68)%	Net 120 days	-	-	2,044,138	9.26	%
"	TLC	"	Purchases	137,203	0.33	Net 45~120 days	-	-	(19,927)	(0.08)%	
"	TCC	"	"	129,398	0.31	"	-	-	(19,936)	(0.08)%	
TFQ	Quanta Computer Inc.	Ultimate parent company	Sales	(406,954,225)	(98.79)%	"	-	-	-	-	%
"	YDCQ	Associate	"	(4,114,219)	(1.00)%	Net 120 days	-	-	1,502,755	1.18	%
"	TCC	"	"	(639,584)	(0.16)%	Net 45~120 days	-	-	143,031	0.11	%
"	KSH	"	Purchases	566,051	0.14	Net 45 days	-	-	(94,081)	(0.05)%	
KSH	TFQ	"	Sales	(566,051)	(23.27)%	"	-	-	94,081	7.55	%
"	SJDT	"	Purchases	105,981	5.27	Net 120 days	-	-	(35,370)	(6.44)%	
YDCQ	TFC	"	"	5,774,998	57.89	"	-	-	(2,044,138)	(57.63)%	
"	TFQ	"	"	4,114,219	41.25	"	-	-	(1,502,755)	(42.37)%	
"	Guangsheng (Tianjin) Technology Co., Ltd.	Affiliate	Sales	(5,700,545)	(56.82)%	Net 60~90 days	-	-	1,020,458	34.74	%
TTC	TFC	Associate	Purchases	250,688	4.54	Net 45~120 days	-	-	(92,269)	(2.99)%	
"	TCC	"	"	5,166,246	93.54	Net 45 days	-	-	(2,994,598)	(96.92)%	
TCQ	Quanta Computer Inc.	Ultimate parent company	Sales	(13,626,532)	(100.00)%	Net 45~120 days	-	-	-	-	%
QCTTW	"	"	Purchases	1,103,233	100.00	Net 120 days	-	-	(1,019,578)	(99.88)%	
SJDT	KSH	Associate	Sales	(105,981)	(49.75)%	"	-	-	35,370	40.77	%

Note 1: The purchase/sale prices listed above are not comparable to the one for other trading partners. There is no significant difference in terms and conditions of the agreed payment terms and general purchasing terms.

Note 2: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

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8. Receivables from related parties with amount exceeding the lower of \$100 million or 20% of capital stock:

(Amounts Expressed in Thousands of New Taiwan Dollars)

Name of related party	Related-party	Nature of relationship	Ending balance	Turnover rate	Past-due receivables from related party		Amount received in subsequent period	Loss allowance
					Amount	Action taken		
Quanta Computer Inc.	QCH	Associate	63,454,038	4.69	-	-	10,107,661	-
"	QCT-USA	"	1,219,184	3.57	-	-	-	-
"	QDL(HK)	"	903,756	2.92	-	-	-	-
"	QCTJ	"	1,715,250	2.88	-	-	628,152	-
"	ThinkTech	"	100,683	-	-	-	-	-
"	QCTK	"	1,180,569	2.28	-	-	500,231	-
"	QCTG	"	197,592	0.09	-	-	643	-
"	QCTTW	"	1,019,578	2.54	-	-	32,121	-
QSS	QSI	The same ultimate parent company	1,107,301	3.41	-	-	273,766	-
TMT	"	"	663,665	5.27	-	-	657,260	-
QSA	TMT	Associate	598,120	2.67	-	-	185,102	-
TCC	Quanta Computer Inc.	Ultimate parent company	29,653,751	17.35	-	-	-	-
"	TTC	Associate	2,994,598	3.42	-	-	-	-
"	QMB	The same ultimate parent company	1,342,448	4.57	-	-	-	-
TFQ	YDCQ	Associate	1,502,755	3.97	-	-	-	-
"	TCC	"	143,031	5.46	-	-	-	-
TGC	Quanta Computer Inc.	Ultimate parent company	494,943	-	-	-	-	-
TFC	YDCQ	Associate	2,044,138	3.97	-	-	-	-
"	Quanta Computer Inc.	Ultimate parent company	1,636,126	29.53	-	-	-	-
QMN	QCH	Associate	402,831	4.84	-	-	-	-
QCN	QSN	"	208,717	0.20	-	-	-	-
YDCQ	Guangsheng (Tianjin) Technology Co., Ltd.	Affiliate	1,020,458	10.10	-	-	-	-
QMB	TCC	Associate	1,820,167	10.90	-	-	-	-
QMI	QCH	"	102,210	1.66	-	-	-	-
QSI-USA	QCA	"	166,492	-	-	-	-	-

Note: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

9. Derivative transactions:

Please refer to Note (6)(b) and (6)(x) for related information.

QUANTA COMPUTER INC. AND SUBSIDIARIES**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****SEPTEMBER 30, 2021 AND 2020****(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
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(Amounts Expressed in Thousands of New Taiwan Dollars)

Number	Name of the company	Name of the counter-party	Nature of relationship (Note 2)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets (Note 3)
0	Quanta Computer Inc.	QCH · QCT-USA · QDL(HK) · QCTJ · QCTK · QCTTW	1	Sales	156,158,726	Terms not comparable to other general trading partners	19.75 %
"	"	TFC · TCC · TNC · TFQ · TCQ · QCH · QMB	1	Purchases	861,517,267	Terms not comparable to other general trading partners	100.00 %
"	"	QCH · QCT-USA · QDL(HK) · QCTJ · QCTK · QCTTW	1	Accounts receivable	69,492,375	The same as the term for other general trading partners	10.22 %
"	"	TFC · TGC · TCC	1	Accounts payable	31,784,820	The same as the term for other general trading partners	4.67 %

Note 1: The numbers denote the following:

- 0 represents the Company.
- Subsidiaries are listed by names and numbered starting with 1.

Note 2: Relationship with the listed companies:

- The Company to subsidiary
- Subsidiary to the Company
- Subsidiary to subsidiary

Note 3: The transaction amount is calculated as a proportion of the consolidated revenue or assets. If categorized as an asset or liability, the calculation is compared with the consolidated assets; if categorized as income or loss, the calculation is compared with the consolidated income or loss.

(b) Information on investees:

For the nine months ended September 30, 2021, the following is the information on investees (excluding information on investees in Mainland China):

(Amounts Expressed in Thousands of New Taiwan Dollars)

Name of the investor	Name of investee	Location	Major operations	Initial investment amount		Balance as of September 30, 2021			Net income (losses) of the investee	Investment income (losses)	Note
				September 30, 2021	December 31, 2020	Shares	Ratio of shares	Book value			
Quanta Computer Inc.	QCJ Co., Ltd.	Japan	After-sales service and sale of computers and telecommunication products	3,115	3,115	200	100.00 %	1,980	(385)	(385)	
"	QIL and its subsidiaries	Cayman, U.S.A., etc.	Investment company and sale, manufacture and after-sales service of computer peripherals	26,039,724	26,035,404	93,499,908	100.00 %	41,540,995	6,087,139	6,588,831	Note 1
"	WK Technology Fund VI Limited	Taiwan	Venture capital	54,188	108,375	5,418,750	21.43 %	4,273	(184)	(40)	
"	QSI and its subsidiaries	Taiwan	Manufacture and sale of optical storage equipment, computer storage devices and peripherals	243,142	243,142	82,881,664	29.78 %	2,285,065	687,193	204,539	
"	QVC	Taiwan	Venture capital	2,000,133	1,000,133	200,000,000	100.00 %	1,826,080	(15,245)	(15,245)	

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Name of the investor	Name of investee	Location	Major operations	Initial investment amount		Balance as of September 30, 2021			Net income (losses) of the investee	Investment income (losses)	Note
				September 30, 2021	December 31, 2020	Shares	Ratio of shares	Book value			
Quanta Computer Inc.	QCTI	Taiwan	Investment company	600,000	600,000	60,000,000	100.00 %	661,585	10,479	10,479	
	QMIT and its subsidiaries	Taiwan	Electronic company and import and export business and wholesale of electronic products	232,750	232,750	17,500,000	75.19 %	374,888	25,242	18,979	
	Tech View International Technology Inc.	Taiwan	Manufacture of electronic components	-	1	-	- %	-	-	-	Note 2
	Plenty Link Technology Co., Ltd	Cayman	Overseas investment and trade company	87,728	87,728	3,150,000	17.50 %	8,963	(38,151)	(6,676)	
	RTK and its subsidiaries	Taiwan	Design, manufacture, processing, distribute and sale of satellite guided navigation systems and peripherals, navigated maps, and digital maps	807,586	807,586	18,603,598	36.76 %	525,410	45,611	1,223	
	QCTTW and its subsidiaries	Taiwan	Sale of computers and peripherals	541,995	541,995	28,200,000	100.00 %	(93,096)	(38,239)	(38,236)	
	EBN Technology Corp.	Taiwan	Manufacture of electronic components	125,625	125,625	8,375,000	25.00 %	63,324	(6,187)	(1,547)	
	Quantum Optoelectronics Inc.	Taiwan	Design and manufacture of optomechanical systems	-	17,500	-	- %	-	-	-	
	ThinkTech	Brazil	Sale of computers and peripherals	742,558	742,558	94,878,816	83.16 %	(82,109)	(2,613)	(2,173)	
	QT Medical, Inc.	U.S.A	Research and development and manufacture of medical equipment	83,517	83,517	1,666,000	13.57 %	76,231	(31,771)	(4,312)	
	QMB	Thailand	Manufacture and sale of computers, peripherals and consumer products	2,304,039	2,304,039	499,999,997	100.00 %	2,230,694	(101,181)	(101,181)	
	QCTS	Singapore	Sale and after-sales service of computer peripherals	27,850	27,850	1,000,000	100.00 %	12,965	(6,889)	(6,889)	
	Cloud River Biomedicine, Inc.	Taiwan	Research and development and manufacture of medical equipment	180,000	90,000	755,710	15.21 %	100,265	(59,572)	(8,009)	
	LIONS Taiwan Technology Inc.	Taiwan	Sale of computers and peripherals	120,299	120,299	3,240,813	16.67 %	106,924	(59,375)	(9,896)	
QSI	QSI (CAYMAN)	Cayman	Investment company	2,306,537	2,306,537	-	100.00 %	4,224,319	(38,341)	(45,543)	Note 1
	Quanta Storage Investment Inc.	Taiwan	Investment company	-	28,000	-	- %	-	163	163	
	NU Inc.	Taiwan	Wholesale and retail of computers and peripherals	86,709	91,000	3,862,227	29.80 %	20,877	(6,058)	(1,805)	
	EBN Technology Corp.	Taiwan	Manufacture of electronic components	10,978	-	1,001,000	2.99 %	7,569	(6,187)	(262)	
	TMT	Thailand	Manufacture and sale of computer storage devices and components of peripherals	1,033,039	1,033,039	10,999,998	100.00 %	969,017	(5,153)	(5,153)	

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QUANTA COMPUTER INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2021 AND 2020

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
UNLESS OTHERWISE SPECIFIED)

Name of the investor	Name of investee	Location	Major operations	Initial investment amount		Balance as of September 30, 2021			Net income (losses) of the investee	Investment income (losses)	Note
				September 30, 2021	December 31, 2020	Shares	Ratio of shares	Book value			
QSI	TRI	Taiwan	Manufacture and sale of industrial collaborative robots	796,420	796,420	71,957,000	89.95 %	794,738	41,922	36,027	Note 1
"	TAI	Taiwan	Factory automation planning, installation and implementation	-	500,000	-	- %	-	99	99	
"	JVM	Malaysia	Sale of computer storage devices and components of peripherals	15,214	15,214	2,040,000	51.00 %	16,179	4,507	2,298	
QSI (CAYMAN)	QSL (BVI)	BVI	Investment company	1,629,782	1,629,782	-	100.00 %	3,856,455	(64,801)	(64,801)	
"	E-Forward (SAMOA)	SAMOA	Manufacture and sale of computer storage devices and components of peripherals	167,100	167,100	-	100.00 %	375,004	26,546	26,546	
QSL (BVI)	QHH	Hong Kong	Investment company	1,049,908	1,049,908	-	100.00 %	2,765,620	31,980	31,980	
"	QIH	Hong Kong	Investment company	773,862	773,862	-	100.00 %	1,160,231	(76,428)	(76,428)	
E-Forward (SAMOA)	QSA	SAMOA	Sale and after-sales service of computer storage devices and components of peripherals	167,100	167,100	-	100.00 %	355,163	26,554	26,554	
Quanta Storage Investment Inc.	EBN Technology Corp.	Taiwan	Manufacture of electronic components	-	10,970	-	- %	-	(6,187)	313	
TRI	TRH	Hong Kong	Investment company	120,943	92,638	-	100.00 %	36,998	(15,937)	(15,937)	
JVM	JVMT	Thailand	Sale of computer storage devices and components of peripherals	4,551	4,551	-	100.00 %	4,025	(8)	(8)	
RTK	RTKI	SAMOA	Investment company	43,499	43,499	1,565,000	100.00 %	960	(835)	(835)	
QCTI	QSI and its subsidiaries	Taiwan	Manufacture and sale of optical storage equipment, computer storage devices and peripherals	33,526	33,526	1,212,000	0.44 %	33,414	687,193	2,992	
"	RTK and its subsidiaries	Taiwan	Design, manufacture, processing, distribute and sale of satellite guided navigation systems and peripherals, navigated maps, and digital maps	8,571	8,571	409,194	0.81 %	12,312	45,611	369	
"	QMIT and its subsidiaries	Taiwan	Electronic company and import and export business and wholesale of electronic products	115,500	115,500	5,775,000	24.81 %	123,713	25,242	6,263	
QVC	Plenty Link Technology Co., Ltd	Cayman	Overseas investment and trade company	87,728	87,728	3,150,000	17.50 %	8,963	(38,151)	(6,676)	
"	Quantum Optoelectronics Inc.	Taiwan	Design and manufacture of optomechanical systems	-	17,500	-	- %	-	-	-	

Note 1: The difference to the subsidiary is mainly unrealized gross profit from sales.

Note 2: There are indicators of impairment in the 2008 assessment, therefore, \$89,985 of impairment loss were recognized.

Note 3: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

QUANTA COMPUTER INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2021 AND 2020

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
UNLESS OTHERWISE SPECIFIED)

(c) Information on investment in Mainland China:

1. The names of investees in Mainland China, the main business and products, and other information:

(Amounts Expressed in Thousands of New Taiwan Dollars)

Name of the investee in Mainland China (Note 2)	Main business and products	Total amount of capital surplus	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2021	Investment flows		Accumulated outflow of investment from Taiwan as of September 30, 2021	Net income (loss) of the investee	Direct /indirect shareholding (%) by the Company	Current investment gains and losses (Note 2)	Carrying Amount	Accumulated remittance of earnings in current period
					Outflow	Inflow						
The Company												
TFC (2)1) (Note 4)	Manufacture and sale of computers and peripherals	3,343,393	(2)	1,707,467	-	-	1,707,467	18,134	100.00 %	18,134	10,117,429	1,970,822
TCC (2)1)	Manufacture and sale of computers and peripherals	3,567,585	(2)	3,251,350	-	-	3,251,350	1,289,866	100.00 %	1,289,866	10,570,841	8,915,972
TTC (2)1)	Sale and after-sales service of computers and peripherals	622,169	(2)	664,167	-	-	664,167	100,997	100.00 %	100,997	1,188,721	802
TLC (2)1)	After-sales service of computers	222,888	(2)	220,015	-	-	220,015	36,825	100.00 %	36,825	1,486,465	11,430
TGC (2)1)	Manufacture and sale of computers and peripherals	275,803	(2)	272,930	-	-	272,930	(15,410)	100.00 %	(15,410)	845,463	39,925
TWW (2)1)	Storage service	264,575	(2)	264,575	-	-	264,575	52,320	100.00 %	52,320	780,080	-
TFQ (2)1)	Processing, manufacture and sale of computers	8,299,300	(2)	2,729,300	5,570,000	-	8,299,300	3,522,317	100.00 %	3,522,317	15,397,248	-
TWQ (2)3)	Storage service	139,250	(2)	139,250	-	-	139,250	31,112	100.00 %	31,112	310,924	-
TNC (2)1)	Manufacture and sale of computers, mobile communication storage device peripherals and accessories	7,518,943	(2)	7,518,943	-	-	7,518,943	(442,396)	100.00 %	(442,396)	1,066,839	-
TCQ (2)1)	Manufacture and sale of computers, mobile communication storage device peripherals and accessories	1,392,500	(2)	1,392,500	-	-	1,392,500	303,466	100.00 %	303,466	1,840,757	-
KSH (2)1)	Manufacture and sale of precision machinery, peripherals and metallic molds	501,300	(2)	219,737	-	-	219,737	158,657	100.00 %	158,657	1,196,984	-
YDCQ (2)1)	Sale of servers and switches	27,850	(2)	27,850	-	-	27,850	78,284	100.00 %	78,284	349,447	-
QCTBJ (2)1)	Software technology development, advisory service, sale of servers and switches	4,320	(2)	-	4,320	-	4,320	(2,553)	100.00 %	(2,553)	1,731	-

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)

REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS AS OF SEPTEMBER 30, 2021 AND 2020

QUANTA COMPUTER INC. AND SUBSIDIARIES**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****SEPTEMBER 30, 2021 AND 2020****(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,****UNLESS OTHERWISE SPECIFIED)**

Name of the investee in Mainland China (Note 2)	Main business and products	Total amount of capital surplus	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2021	Investment flows		Accumulated outflow of investment from Taiwan as of September 30, 2021	Net income (loss) of the investee	Direct /indirect shareholding (%) by the Company	Current investment gains and losses (Note 2)	Carrying Amount	Accumulated remittance of earnings in current period
					Outflow	Inflow						
ZYES (2)1)	Manufacture and sale of computers and components of peripherals	2,311,550	(2)	2,469,460	-	-	2,469,460	(10,084)	100.00 %	(10,084)	140,243	-
KCC (2)1)	Manufacture and sale of machine cases, molds and tools	2,367,250	(2)	1,726,644	-	-	1,726,644	13,066	100.00 %	13,066	384,800	-
SJDT (2)3)	Manufacture and sale of computers and components of peripherals	200,520	(2)	38,099	-	-	38,099	(11,848)	100.00 %	(11,848)	379,351	-
Dongguan Shuang-Ying Photoelectric Technology Co., Ltd.(2)3)	Manufacture and sale of optical equipment and electric components	417,750	(2)	56,396	-	-	56,396	(31,914)	17.50 %	(5,585)	39,762	-
QSI												
QSS (2)1)	Manufacture and sale of computer storage devices and components of peripherals	835,500	(2)	835,500	-	-	835,500	32,226	100.00 %	32,226	2,757,016	1,845,585
Techman (2)1)	Manufacture and sale of computer storage devices and components of peripherals	501,300	(2)	501,300	-	-	501,300	(76,397)	100.00 %	(76,397)	1,157,956	-
TRS (2)1)	After-sales service and sale of industrial collaborative robots and components of peripherals	111,400	(2)	83,550	27,850	-	111,400	(15,937)	100.00 %	(15,937)	36,998	-
QVC												
Dongguan Shuang-Ying Photoelectric Technology Co., Ltd.(2)3)	Manufacture and sale of optical equipment and electric components	417,750	(2)	56,396	-	-	56,396	(31,914)	17.50 %	(5,585)	39,762	-
Guangsheng (Tianjin) Technology Co., Ltd.(2)3)	Computer software development and related consulting and technical services; sale of computer hardware and software and electronic products	64,689	(3)	12,883	-	-	12,883	2,521	20.00 %	501	12,949	-
Trump-link (Beijing) Technology Co., Ltd.(2)3)	Sale and after-sales service of server, switch and storage devices	161,873	(3)	34,769	-	-	34,769	(4,495)	20.00 %	(687)	34,694	-

QUANTA COMPUTER INC. AND SUBSIDIARIES**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****SEPTEMBER 30, 2021 AND 2020****(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
UNLESS OTHERWISE SPECIFIED)**

Name of the investee in Mainland China (Note 2)	Main business and products	Total amount of capital surplus	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2021	Investment flows		Accumulated outflow of investment from Taiwan as of September 30, 2021	Net income (loss) of the investee	Direct /indirect shareholding (%) by the Company	Current investment gains and losses (Note 2)	Carrying Amount	Accumulated remittance of earnings in current period
					Outflow	Inflow						
RTK RTK1(2)1)	Import and export business and wholesale of electronic products	42,424	(2)	42,424	-	-	42,424	(835)	100.00 %	(835)	948	-

2. Limitation on investment in Mainland China:

(Amounts Expressed in Thousands of New Taiwan Dollars)

Company	Accumulated Investment in Mainland China as of September 30, 2021	Investment Amounts Authorized by Investment Commission MOEA	Limitation on Investment in Mainland China Authorized by Investment Commission MOEA (Note 3)
The Company	27,703,344	34,796,899	-
QSI	1,448,200	1,768,475	-
QVC	104,048	561,359	1,095,648
RTK	42,424	81,620	913,660

Note 1: Investments in Mainland China are differentiated by the following three methods:

- (1) Direct investment in Mainland China with remittance through a third region.
- (2) Indirect investment in Mainland China through an existing investee company in a third region.
- (3) Other methods

Note 2: Recognition of investment gain or loss during current period is pursuant to the following:

- (1) If the corporation is in the set-up phase, notes are required.
- (2) Recognition basis of investment gains or losses is determined by the following three types, and related notes are required.
 - 1) Financial statements of the investee company were audited and certified by an international firm in cooperation with an R.O.C. accounting firm.
 - 2) Financial statements of the investee company were audited and certified by the external accountant of the parent company.
 - 3) Others

Note 3:(1) Maximum limitation of the Company and QSI: In accordance with the Regulations Governing the Approval of Investment or Technical Cooperation in Mainland China revised on August 29, 2008, the Company obtained the certificate of qualified operating headquarters issued by the Industrial Development Bureau, Ministry of Economic Affairs, and therefore no limitations on investment in Mainland China.

- (2) Maximum limitation of QVC and RTK: the maximum limitation is the higher of \$80,000 for small and medium size enterprises or sixty percent of these companies' net asset value or consolidated net asset value.

Note 4: The difference between the issued capital and cumulative investment amount is the difference between the price paid and the cost of the machinery equipment.

Note 5: Viscosity (Cayman) Holding Company Limited, an investee of the Company, holds investment in Mainland China. Therefore, the Company has increased USD72 investment amount authorized by Investment Commission MOEA.

Note 6: China Renewable Energy Fund, L.P. (CREF), an investee of QVC, holds investment in Mainland China. Therefore, QVC has increased USD14,183 investment amount authorized by Investment Commission MOEA.

Note 7: PHI Fund, L.P., an investee of the Company, holds investment in Mainland China. Therefore, the Company has increased USD5,013 investment amount authorized by Investment Commission MOEA.

3. Significant transactions:

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

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(d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
CIANYU INVESTMENT CO., LTD.		572,401,374	14.81 %
Barry Lam		415,738,138	10.76 %

Note: (1) The information of major shareholders in this table is calculated by Taiwan Depository & Clearing Corporation based on the last business day at the end of each quarter, disclosing shareholders with more than 5% of the Company's ordinary shares and preferred shares that have been delivered without physical registration (including treasury shares). As for the share capital reported in the Company's financial statements and the Company's actual number of shares delivered without physical registration, there may be differences due to different calculation bases.

(2) In a situation where a shareholder entrusted the holdings, the individual account of the settlor opened by the trustee was disclosed. As for the shareholder's declaration of insider's equity holding more than 10% of the shares in accordance with the Securities and Exchange Act, his shareholding includes his own shareholding plus the shares delivered to the trust and the right to use the trust property, etc. For information on insider equity declaration, please refer to the website of Market Observation Post System.

(14) Segment Information

The Group's operating segments financial information and reconciliation were as follows:

For the Three Months Ended September 30, 2021	Electronic department	Other departments	Adjustment and elimination	Total
Operating revenue:				
Revenue from external customers	\$ 260,337,484	1,251,061	-	261,588,545
Inter-segment revenue	360,498,036	584,681	(361,082,717)	-
Total	\$ 620,835,520	1,835,742	(361,082,717)	261,588,545
Reportable segment profit (loss)	\$ 10,130,284	(538,278)	(19,097)	9,572,909

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For the Three Months Ended September 30, 2020	Electronic department	Other departments	Adjustment and elimination	Total
Operating revenue:				
Revenue from external customers	\$ 326,372,179	975,975	-	327,348,154
Inter-segment revenue	406,438,596	551,167	(406,989,763)	-
Total	\$ 732,810,775	1,527,142	(406,989,763)	327,348,154
Reportable segment profit (loss)	\$ 9,129,286	(1,352,775)	249,962	8,026,473
For the Nine Months Ended September 30, 2021				
Operating revenue:				
Revenue from external customers	\$ 786,946,142	3,873,583	-	790,819,725
Inter-segment revenue	1,049,870,710	1,774,278	(1,051,644,988)	-
Total	\$ 1,836,816,852	5,647,861	(1,051,644,988)	790,819,725
Reportable segment profit (loss)	\$ 25,476,282	(1,077,975)	459,411	24,857,718
For the Nine Months Ended September 30, 2020				
Operating revenue:				
Revenue from external customers	\$ 785,046,974	2,781,409	-	787,828,383
Inter-segment revenue	1,000,989,910	1,824,556	(1,002,814,466)	-
Total	\$ 1,786,036,884	4,605,965	(1,002,814,466)	787,828,383
Reportable segment profit (loss)	\$ 17,344,488	(1,504,661)	804,803	16,644,630