Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries

Consolidated Financial Statements and Report of Independent Accounts

2021 and the Third Quarter of 2020

(Stock Code: 3357)

Company Address : No.1 You 4th Road, Youth Industrial Park, Yangmei District, Taoyuan City

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Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries

Consolidated Financial Statements and Independent Auditors' Report for 2021 and the Third Quarter of 2020

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Report of Independent Accountants

(2021) Cai-Shen-Bao-Zi No. 21001760

To the Board of Directors and Shareholders of Tai-Tech Advanced Electronics Co., Ltd.

Introduction

We have audited the consolidated balance sheets for 2021 and September 30, 2020; the consolidated income statements for 2021 and from July 1 to September 30, 2020 as well as for 2021 and from January 1 to September 30, 2020; and the consolidated statement of changes in equity, the consolidated cash flow statement, and the notes to the consolidated financial statements (including a summary of major accounting policies) for 2021 and from January 1 to September 30, 2020 for Tai-Tech Advanced Electronics and its subsidiaries (hereafter “the Group"). 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 Standard 34 “Interim Financial Reporting.” Our responsibility is to express a conclusion on the consolidated financial statements based on our review.

Scope of Review

We conducted our reviews in accordance with Statement of Auditing Standards No. 65 “Review of Financial Information Performance by the Independent Auditor of the Entity.” A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit 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.

Conclusion

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Group for 2021 and as of September 30, 2020; their consolidated financial performances for 2021 and from July 1 to September 30, 2020 as well as for 2021 and from January 1 to September 30, 2020; and the consolidated cash flows for 2021 and from January 1 to September 30, 2020, according to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” approved by FSC.

PricewaterhouseCoopers (PwC) Taiwan

Yen-Na Li

Certified Public Accountant (CPA)

Wei-Hao Wu

Former Financial Supervisory Commission and Securities and Futures Bureau of the Executive Yuan
Official Approval Letter No.: Jin-Guan-Zheng-Liu-Zi No. 0950122728
Financial Supervisory Commission
Official Approval Letter No.: Jin-Guan-Zheng-Shen-Zi No. 1080323093

November 10, 2021

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries
Consolidated Balance Sheet
September 30, 2021, December 31, 2020, and September 30, 2020
(The consolidated balance sheet for 2021 and September 30, 2020 is reviewed, but not audited according to the Generally Accepted Auditing Standards)

Unit: NT$ thousand

	Assets	Note	September 30, 2021 Amount	%	December 31, 2020 Amount	%	September 30, 2020 Amount	%
	Current assets							
1100	Cash and cash equivalents	6 (1)	$ 1,036,316	11	$ 767,619	12	$ 449,972	8
1136	Financial assets measured at amortized cost－current	6 (1)	190,234	2	167,040	3	85,461	1
1150	Notes receivable, net	6 (2)	42,239	-	28,906	-	50,002	1
1170	Accounts receivable, net	6 (2)	2,283,023	25	1,637,463	27	1,625,391	28
1180	Accounts receivable from related parties, net	6 (2) and 7	175,304	2	114,791	2	146,118	3
1200	Other receivables	7	38,743	-	14,168	-	19,194	-
130X	Inventory	6 (3)	707,169	8	588,302	10	606,353	11
1410	Pre-payments		46,123	-	22,641	-	25,670	-
1470	Other current assets		451	-	6	-	6	-
11XX	**Total current assets**		4,519,602	48	3,340,936	54	3,008,167	52
	NONCURRENT ASSETS							
1517	Financial assets at fair value through other comprehensive income - non-current	6 (4)	213,364	2	191,847	3	169,313	3
1600	Property, plant and equipment	6 (5) and 8	4,453,652	48	2,539,871	41	2,486,819	44
1755	Right-of-use assets	6 (6), 7, and 8	39,981	-	36,211	1	35,977	1
1780	Intangible assets		45,457	1	17,530	-	17,406	-
1840	Deferred income tax assets		8,461	-	8,514	-	5,595	-
1900	Other non-current assets	6 (7)	41,870	1	40,936	1	12,981	-
15XX	**Total non-current assets**		4,802,785	52	2,834,909	46	2,728,091	48
1XXX	**Total assets**		$ 9,322,387	100	$ 6,175,845	100	$ 5,736,258	100

(Continued)

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries
Consolidated Balance Sheet
September 30, 2021, December 31, 2020, and September 30, 2020
(The consolidated balance sheet for 2021 and September 30, 2020 is reviewed, but not audited according to the Generally Accepted Auditing Standards)

Unit: NT$ thousand

	Liabilities and equity	Note	September 30, 2021 Amount	%	December 31, 2020 Amount	%	September 30, 2020 Amount	%
	Current liabilities							
2100	Short-term borrowings	6 (8)	$ 499,432	5	$ 697,535	11	$ 511,255	9
2110	Short-term notes and bills payable	6 (9)	50,000	-	130,000	2	110,000	2
2150	Notes payable		340,608	4	56,755	1	60,284	1
2170	Accounts payable		829,312	9	568,295	9	560,292	10
2180	Accounts payable - related parties	7	4,076	-	3,124	-	26,974	-
2200	Other payables	6 (10) and 7	891,876	10	581,267	10	572,337	10
2230	Current income tax liabilities	6 (23)	66,583	1	60,210	1	62,010	1
2280	Lease liabilities - current	7	6,161	-	3,575	-	3,133	-
2300	Other current liabilities	6 (11)	37,733	-	67,000	1	46,500	1
21XX	**Total current liabilities**		2,725,781	29	2,167,761	35	1,952,785	34
	Non-current liabilities							
2540	Long-term borrowings	6 (11)	525,122	6	270,000	5	323,000	6
2570	Deferred income tax liabilities		137,072	2	138,855	2	108,561	2
2580	Lease liabilities - non-current	7	6,043	-	3,940	-	4,539	-
2640	Net defined benefit liabilities－non-current		14,862	-	14,652	-	8,139	-
2670	Other non-current liabilities - others		14,600	-	14,753	-	14,959	-
25XX	**Total non-current liabilities**		697,699	8	442,200	7	459,198	8
2XXX	**Total liabilities**		3,423,480	37	2,609,961	42	2,411,983	42
	Equity attributable to shareholders of the parent							
	Share capital	6 (14)						
3110	Common shares		1,031,340	11	910,000	15	910,000	16
	Capital surplus	6 (15)						
3200	Capital surplus		1,886,687	20	123,523	2	123,523	2
	Retained earnings	6 (16)						
3310	Legal reserve		433,232	5	360,404	6	360,404	6
3320	Special reserve		76,642	1	89,991	1	89,991	2
3350	Unappropriated earnings		2,539,126	27	2,096,231	34	1,928,048	34
	Other equity	6 (17)						
3400	Other equity		(68,120)	(1)	(14,265)	-	(87,691)	(2)

The accompanying notes are an integral part of the consolidated financial statements; please refer to them altogether.

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries
Consolidated Balance Sheet
September 30, 2021, December 31, 2020, and September 30, 2020
(The consolidated balance sheet for 2021 and September 30, 2020 is reviewed, but not audited according to the Generally Accepted Auditing Standards)

Unit: NT$ thousand

3XXX	**Total equity**		5,898,907	63	3,565,884	58	3,324,275	58
	Significant Commitments or Contingencies	9						
3X2X	**Total liabilities and equity**		$ 9,322,387	100	$ 6,175,845	100	$ 5,736,258	100

The accompanying notes are an integral part of the consolidated financial statements; please refer to them altogether.

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries
Consolidated Statement of Comprehensive Income
2021 and January 1 to September 30, 2020
(The consolidated statement of comprehensive income is reviewed, but not audited according to the Generally Accepted Auditing Standards)

Unit: NT$ thousand
(Except Earnings Per Share in New Taiwan Dollars)

	Item	Note	July 1 to September 30, 2021		July 1 to September 30, 2020		January 1 to September 30, 2021		January 1 to September 30, 2020	
			Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenue	6 (18) and 7	$ 1,694,489	100	$ 1,230,919	100	$ 4,652,938	100	$ 3,269,866	100
5000	Operating costs	6 (3) (21) (22) and 7	(1,103,622)	(65)	(823,385)	(67)	(3,059,066)	(66)	(2,180,012)	(67)
5900	Gross profit		590,867	35	407,534	33	1,593,872	34	1,089,854	33
	Operating expenses	6 (21) (22) and 7								
6100	Selling and marketing expenses		(103,484)	(6)	(74,608)	(6)	(292,176)	(6)	(217,683)	(7)
6200	General and administrative expenses		(57,010)	(4)	(48,480)	(4)	(193,925)	(4)	(136,192)	(4)
6300	Research and development expenses		(39,875)	(2)	(33,985)	(3)	(104,778)	(2)	(87,281)	(3)
6450	Expected credit impairment gain	12 (2)	-	-	781	-	-	-	15,020	1
6000	Total operating expenses		(200,369)	(12)	(156,292)	(13)	(590,879)	(12)	(426,136)	(13)
6900	Operating gains		390,498	23	251,242	20	1,002,993	22	663,718	20
	NON-OPERATING INCOME AND EXPENSES									
7100	Interest income		1,021	-	700	-	3,680	-	2,524	-
7010	Other income	6 (19) and 7	4,412	-	3,185	-	63,794	1	37,518	1
7020	Other gains and losses	6 (20)	5,727	1	(30,545)	(2)	(6,652)	-	(30,517)	(1)
7050	Financial costs	6 (8) (9) (11)	(1,219)	-	(2,298)	-	(4,723)	-	(8,318)	-
7000	Total non-operating incomes and expenses		9,941	1	(28,958)	(2)	56,099	1	1,207	-
7900	**Income before income tax**		400,439	24	222,284	18	1,059,092	23	664,925	20
7950	Income tax expenses	6 (23)	(50,726)	(3)	(35,431)	(3)	(133,869)	(3)	(104,842)	(3)
8200	**Net profit (loss) for current period**		$ 349,713	21	$ 186,853	15	$ 925,223	20	$ 560,083	17
	Other comprehensive income (loss), net of income tax									
	Components of other comprehensive income that will not be reclassified to profit or loss	6 (17)								
8316	Unrealized gain (loss) on investments in	6 (4)	($ 21,942)	(1)	($ 12,090)	(1)	($ 4,106)	-	$ 18,660	1

The accompanying notes are an integral part of the consolidated financial statements; please refer to them altogether.

Unit: NT$ thousand
(Except Earnings Per Share in New Taiwan Dollars)

	equity instruments at fair value through other comprehensive income									
8310	Total components of other comprehensive income that will not be reclassified to profit or loss		(21,942)	(1)	(12,090)	(1)	(4,106)	-	18,660	1
	Items that may be reclassified subsequently to profit or loss	6 (17)								
8361	Exchange differences on translating the financial statements of foreign operations		(12,382)	(1)	46,740	4	(49,749)	(1)	(16,360)	(1)
8360	Total of items that may be reclassified subsequently to profit or loss		(12,382)	(1)	46,740	4	(49,749)	(1)	(16,360)	(1)
8300	**Other comprehensive income (loss), net of income tax**		($ 34,324)	(2)	$ 34,650	3	($ 53,855)	(1)	$ 2,300	-
8500	**Total comprehensive income (loss) for the current period**		$ 315,389	19	$ 221,503	18	$ 871,368	19	$ 562,383	17
	Net income attributed to:									
8610	shareholders of the parent		$ 349,713	21	$ 186,853	15	$ 925,223	20	$ 560,083	17
	Total comprehensive income (loss) attributable to:									
8710	shareholders of the parent		$ 315,389	19	$ 221,503	18	$ 871,368	19	$ 562,383	17
	Earnings per share (EPS)	6 (24)								
9750	Basic earnings per share attributable to shareholders of the parent		$ 3.39		$ 2.05		$ 9.47		$ 6.15	
9850	Diluted earnings per share attributable to shareholders of the parent		$ 3.37		$ 2.05		$ 9.41		$ 6.10	

The accompanying notes are an integral part of the consolidated financial statements; please refer to them altogether.

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries

Consolidated Statement of Changes in Equity

2021 and January 1 to September 30, 2020

(The consolidated statement of comprehensive income is reviewed, but not audited according to the Generally Accepted Auditing Standards)

Unit: NT$ thousand

		Equity attributable to shareholders of the parent									
			Capital surplus			Retained earnings			Other equity		
	Note	Common shares	Capital surplus - additional paid-in capital	Capital surplus - Recognized change in ownership interests in subsidiaries	Capital surplus - net assets from merger	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translating the financial statements of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total equity
January 1 to September 30, 2020											
Balance at January 1, 2020		$ 910,000	$ 200,124	$ 12,353	$ 2,046	$316,130	$76,642	$1,580,288	($ 214,279)	$ 124,288	$ 3,007,592
Net income from January 1 to September 30, 2020		-	-	-	-	-	-	560,083	-	-	560,083
Other comprehensive income from January 1 to September 30, 2020	6 (17)	-	-	-	-	-	-	-	(16,360)	18,660	2,300
Total comprehensive income from January 1to September 30, 2020		-	-	-	-	-	-	560,083	(16,360)	18,660	562,383
Appropriation and distribution of earnings:	6 (16)										
Legal reserve		-	-	-	-	44,274	-	(44,274)	-	-	-
Special reserve		-	-	-	-	-	13,349	(13,349)	-	-	-
Cash dividends		-	-	-	-	-	-	(154,700)	-	-	(154,700)
Capital surplus distributed in cash		-	(91,000)	-	-	-	-	-	-	-	(91,000)
Balance at September 30, 2020		$ 910,000	$ 109,124	$ 12,353	$ 2,046	$360,404	$89,991	$1,928,048	($ 230,639)	$ 142,948	$ 3,324,275
January 1 to September 30, 2021											
Balance as of January 1, 2021		$ 910,000	$ 109,124	$ 12,353	$ 2,046	$360,404	$89,991	$2,096,231	($ 180,156)	$ 165,891	$ 3,565,884
Net income for January 1 to September 30, 2021		-	-	-	-	-	-	925,223	-	-	925,223
Other comprehensive income for January 1 to September 30, 2021	6 (17)	-	-	-	-	-	-	-	(49,749)	(4,106)	(53,855)
Total comprehensive income for January 1 to September 30, 2021		-	-	-	-	-	-	925,223	(49,749)	(4,106)	871,368
Appropriation and distribution of	6 (16)										

The accompanying notes are an integral part of the consolidated financial statements; please refer to them altogether.

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries
Consolidated Statement of Changes in Equity
2021 and January 1 to September 30, 2020
(The consolidated statement of comprehensive income is reviewed, but not audited according to the Generally Accepted Auditing Standards)

Unit: NT$ thousand

		Equity attributable to shareholders of the parent									
			Capital surplus			Retained earnings			Other equity		
	Note	Common shares	Capital surplus - additional paid-in capital	Capital surplus - Recognized change in ownership interests in subsidiaries	Capital surplus - net assets from merger	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translating the financial statements of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total equity
earnings:											
Legal reserve		-	-	-	-	72,828	-	(72,828)	-	-	-
Special reserve		-	-	-	-	-	(13,349)	13,349	-	-	-
Cash dividends		-	-	-	-	-	-	(422,849)	-	-	(422,849)
Issuance of common shares for cash	6 (14)	121,340	1,718,514	-	-	-	-	-	-	-	1,839,854
Compensation costs - the portion of common shares issuance reserved for employee subscription	6 (13)	-	44,650	-	-	-	-	-	-	-	44,650
Balance as of September 30, 2021		$1,031,340	$1,872,288	$ 12,353	$ 2,046	$433,232	$76,642	$2,539,126	($ 229,905)	$ 161,785	$ 5,898,907

The accompanying notes are an integral part of the consolidated financial statements; please refer to them altogether.

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries
Consolidated Statement of Cash Flow
2021 and January 1 to September 30, 2020
(The consolidated statement of comprehensive income is reviewed, but not audited according to the Generally Accepted Auditing Standards)

Unit: NT$ thousand

	Note	January 1 to September 30, 2021	January 1 to September 30, 2020
Cash Flow from Operating Activities			
Income before income tax		$ 1,059,092	$ 664,925
Adjustments			
Adjustments for income and expenses			
Expected credit impairment reversal gain	12 (2)	-	(15,020)
Depreciation (including right-of-use assets)	6 (21)	280,207	224,666
Amortization	6 (21)	3,067	1,231
Gains on disposal of property, plant and equipment	6 (20)	(320)	(870)
Impairment loss recognized on property, plant, and equipment	6 (19)	-	2,021
Interest income		(3,680)	(2,524)
Dividends income	6 (19)	(18,387)	(12,960)
Interest expenses		4,723	8,318
Compensation costs - share-based payments	6 (13)	44,650	-
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		(13,333)	3,224
Accounts Receivable		(645,544)	(349,300)
Accounts receivable due from related parties		(60,513)	(50,291)
Other receivables		(24,575)	(7,902)
Inventory		(118,867)	(96,604)
Pre-payments		(23,482)	12,126
Other current assets		(445)	-
Changes in operating liabilities, net			
Notes payable		1,242	(81,979)
Accounts payable		261,017	124,827
Accounts payables to related parties		952	7,276
Other payables		97,595	120,682
Net defined benefit liabilities		210	137
Other non-current liabilities		(1,793)	(1,642)
Cash generated from operating activities		841,816	550,341
Interest paid		(4,723)	(8,318)
Income taxes paid		(127,211)	(47,284)
Net cash inflow from operating activities		709,882	494,739

The accompanying notes are an integral part of the consolidated financial statements; please refer to them altogether.

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries
Consolidated Statement of Cash Flow
2021 and January 1 to September 30, 2020
(The consolidated statement of comprehensive income is reviewed, but not audited according to the Generally Accepted Auditing Standards)

Unit: NT$ thousand

	Note	January 1 to September 30, 2021	January 1 to September 30, 2020
Cash Flow from Investment Activities			
Interests received		$ 3,680	$ 2,524
Dividends received		18,387	12,960
Acquisition of financial assets at fair value through other comprehensive income		(26,162)	-
Capital surplus with distribution of cash for financial assets at fair value through other comprehensive income		123	-
Increase in financial assets measured at amortized cost		(112,254)	(85,461)
Decrease in financial assets at amortized cost		87,296	-
Acquisition of property, plant and equipment	6 (25)	(1,721,537)	(190,035)
Proceeds from disposal of property, plant and equipment		229	1,546
Acquisition of intangible assets		(31,047)	(3,488)
Increase in other non-current assets		(934)	(8,223)
Net cash flows used in investing activities		(1,782,219)	(270,177)
Cash Flow from Financing Activities			
Increase in short-term borrowings		1,676,946	1,961,070
Repayments for short-term borrowings		(1,871,584)	(2,092,316)
Decrease in short-term notes and bills payable		(80,000)	(10,000)
Repayment of the principal portion of lease liabilities		(4,781)	(2,597)
Increase in long-term borrowings		566,000	120,000
Repayment for long-term borrowings		(340,145)	(75,786)
Increase in guarantee deposits		1,640	-
Cash dividends appropriated	6 (16)	(422,849)	(154,700)
Capital surplus distributed in cash	6 (15)	-	(91,000)
Issuance of common shares for cash		1,839,854	-
Net cash generated from/(used in) financing activities		1,365,081	(345,329)

The accompanying notes are an integral part of the consolidated financial statements; please refer to them altogether.

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries
Consolidated Statement of Cash Flow
2021 and January 1 to September 30, 2020
(The consolidated statement of comprehensive income is reviewed, but not audited according to the Generally Accepted Auditing Standards)

Unit: NT$ thousand

	Note	January 1 to September 30, 2021	January 1 to September 30, 2020
Exchange rate adjustments		(24,047)	(11,473)
Increase (decrease) in cash and cash equivalents for the period		268,697	(132,240)
Cash and cash equivalents - beginning balance		767,619	582,212
Cash and cash equivalents - ending balance		$ 1,036,316	$ 449,972

The accompanying notes are an integral part of the consolidated financial statements; please refer to them altogether.

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries
Notes to Consolidated Financial Statements
2021 and the Third Quarter of 2020
(The consolidated statement of comprehensive income is reviewed, but not audited according to the Generally Accepted Auditing Standards)

Unit: NT$ thousand
(unless otherwise specified)

I. Company History and Business Scope

Tai-Tech Advanced Electronics (hereinafter referred to as the “Company”) was incorporated on November 2, 1992. The Company and its subsidiaries (hereinafter collectively referred to as the “Group”) mainly engages in manufacturing and processing of electronic parts, magnet cores, wire-wound products, and other multilayer products and acts as an agent for domestic and foreign companies in terms of quotation, bidding, distribution and import and export of the said products. The Company’s shares were listed on Taipei Exchange for trading on April 27, 2021.

II. Approval Date and Procedure of the Financial Statements

The Consolidated Financial Statements has passed the board of directors resolution and were published on November 10, 2021.

III. Application of New Standards, Amendments and Interpretations

(I) Effect of adoption of the newly issued or amended International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of SIC (SIC) (hereinafter collectively referred to as the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

New standards, interpretations, and amendments endorsed by FSC effective from 2021 are as follows:

New, Revised or Amended Standards and Interpretations	Effective date announced by IASB
Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)	January 1, 2021
Amendments to the IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16 "Interest Rate Benchmark Reform - Phase 2."	January 1, 2021
Amendment to IFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021	April 1, 2021(Note)

Note: The FSC permits early application starting from January 1, 2021.

The Group has assessed the aforementioned standards and interpretations and concluded that they do not have significant effects on the Group’s financial position and financial performance.

(II) Effects of Not Adopting the Newly Issued or Amended IFRSs Endorsed by the FSC

New standards, interpretations and amendments endorsed by FSC effective from 2022 are as follows:

New, Revised or Amended Standards and Interpretations	Effective date announced by IASB
Reference to the Conceptual Framework (Amendments to IFRS 3)	January 1, 2022
Amendments to IAS 16 “Property, plant and equipment: Proceeds before intended use”	January 1, 2022

Amendments to IAS 37 “Onerous contract - costs incurred in fulfilling contracts”	January 1, 2022
Annual Improvements to IFRS Standards 2018 - 2020 Cycle	January 1, 2022

The Group has assessed the aforementioned standards and interpretations and concluded that they do not have significant effects on the Group’s financial position and financial performance.

(III) Effects of the IFRSs issued by IASB but not yet endorsed by the FSC

New standards and interpretations of and amendments to the IFRSs issued by IASB but not yet endorsed by the FSC are as follows:

New, Revised or Amended Standards and Interpretations	Effective date announced by IASB
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	Yet to be decided by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IAS 1 “Classification of liabilities as current or non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policy”	January 1, 2023
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023
Amendments to IAS 12 - “Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction”	January 1, 2023

The Group has assessed the aforementioned standards and interpretations and concluded that they do not have significant effects on the Group’s financial position and financial performance.

IV. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented unless otherwise stated.

(I) Statement of Compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC.

(II) Basis of Preparation

1. Except for the following significant accounts, the consolidated financial statements have been prepared under the historical cost convention:

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

   (2) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

2. The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of SIC (SIC) (collectively referred to hereinafter as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(III) Basis of Consolidation

1. Principles for preparing the consolidated financial statements

(1) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries in the financial statements begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(2) Inter-company transactions, balances, and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

2. Subsidiaries included in the consolidated financial statements:

			Shareholding percentage			
Investor name	Subsidiary name	Business nature	September 30, 2021	December 31, 2020	September 30, 2020	Remarks
The Company	North Star International Limited	Buying and selling of electronic components	100%	100%	100%	
The Company	Best Bliss Investments Limited	Invested business	100%	100%	100%	
Best Bliss Investments Limited	TAI-TECH Advanced Electronics (Kunshan)	Production, processing and sale of electronic components	100%	100%	100%	
Best Bliss Investments Limited	Fixed Rock Holding Ltd.	Invested business	100%	100%	100%	
Best Bliss Investments Limited	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Production, processing and sale of electronic components	7.71%	7.71%	7.71%	
Fixed Rock Holding Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Production, processing and sale of electronic components	92.29%	92.29%	92.29%	

3. Subsidiaries not included in the consolidated financial statements

None.

4. Adjustments for subsidiaries with different accounting periods

None.

5. Major restrictions

Cash and short-term deposits of RMB 108,236 thousand are deposited in mainland China and are subject to local exchange control. Such foreign exchange control restricts fund from remitting out from China (except for regular dividends).

6. Subsidiaries with significant non-controlling interest for the Group

None.

(IV) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (hereinafter referred to as the "functional currency"). The consolidated financial statements are presented in "New Taiwan Dollars," which is the Group's functional currency.

1. Foreign currency transactions and balance

(1) Foreign currency derived from transactions was translated into the functional currency using the spot exchange rate prevailing on the measurement date or the trade date, with the resulting exchange difference recognized as gain or loss.

(2) The balance of monetary assets or liabilities denominated in foreign currency is adjusted by the exchange rate prevailing at the balance sheet date, with the resulting differences recognized as gain or loss.

(3) Non-monetary assets or liabilities denominated in foreign currency are adjusted by the spot exchange rate on the balance sheet date, with the resulting difference recognized in profit or loss if they are measured at fair value through profit or loss, or in other comprehensive income if they are measured at fair value through other comprehensive income. If they are not measured at fair value, they are measured by applying the historical exchange rate on the transaction date.

2. Translation of foreign operations financial statements

The results and financial position of entities within the Group whose functional currency is not the presentation currency are translated into the presentation currency using the following procedures:

(1) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(2) Income and expenses for each statement of comprehensive income (including comparatives) are translated at the average exchange rates for the period; and

(3) All resulting exchange differences are recognized in other comprehensive income.

(V) Classification of Current and Non-current Assets and Liabilities

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

(1) Assets that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;

(2) They are held primarily for trading.

(3) Assets that are expected to be realized within 12 months after the balance sheet date.

(4) Cash and cash equivalents, excluding those that are restricted, or to be exchanged or used to settle liabilities at least twelve months after the balance sheet date.

Assets that do not meet the above criteria are classified as non-current assets by the Group.

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

(1) Liabilities that are expected to be settled within the normal operating cycle.

(2) They are held primarily for trading.

(3) Liabilities that are expected to be settled within 12 months after the balance sheet date.

(4) Liabilities for which the repayment date cannot be extended unconditionally to more than 12 months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its transactions by the issue of equity instruments do not affect its classification.

Liabilities that do not meet the above criteria are classified as non-current liabilities by the Group.

(VI) Cash equivalents

Cash equivalents are highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits that fit the said definition and are intended to meet short-term operating cash commitments are classified as cash equivalents.

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

1. It means the Group made an irrevocable election upon initial recognition to recognize the fair value changes in equity instruments not held for trading at other comprehensive income.

2. The Group uses trade date accounting to account for financial assets at fair value through other comprehensive income that are an arm’s length transaction.

3. They are measured initially at the fair value plus transaction costs and subsequently at fair value. If they are equity instruments, their fair value changes are recognized in other comprehensive income; upon derecognition, the accumulated gains or losses in other comprehensive income are not transferred to profit or loss, but to retained earnings. The Group recognizes dividend income in profit or loss when (a) the Group’s right to the dividends is established; (b) the economic benefits associated with dividends are probable to flow to the Group; and (c) such dividends can be reliably measured.

(VIII) Financial assets at amortized cost

1. Financial assets that simultaneously satisfy the following criteria are classified in this category:

   (1) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows.

   (2) The contractual terms of the financial assets give rise on specified date to cash flow that are solely payments of principal and interest on the principal amount outstanding.

2. The Group recognizes its time deposits not qualified as cash equivalents at the investment amount because they are held for a short period of time and so have insignificant discount effect.

(IX) Accounts Receivables and Notes Receivables

1. Accounts receivable and notes receivable denote that the Group has unconditional right to the consideration, in the form of receivables or notes, for the goods and services transferred.

2. The Group measures short-term accounts receivable and notes receivables that do not bear an interest at the invoice value because they have insignificant discount effect.

(X) Impairment of Financial Assets

At the end of each reporting period, the Group considers financial assets at amortized cost, investments in debt instruments that are measured at fair value through other comprehensive income, and receivables (including significant financial components) and takes into consideration all reasonable and supporting information (including the forward-looking information). For financial assets of which the credit risk does not significantly increase since initial recognition, the Group recognizes an allowance equal to 12-month expected credit losses; for financial assets of which the credit risk significantly increases since initial recognition, the Group recognizes an allowance equal to the lifetime expected credit loss; for accounts receivables that do not contain significant financial components or plan assets, the Group recognizes an allowance equal to the lifetime expected credit loss.

(XI) Derecognition of Financial Assets

The Group derecognizes a financial asset when the contractual rights to receive cash flows from the financial asset expire.

(XII) Inventory

Inventories are measured at the lower of cost and net realizable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity), excluding borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(XIII) Property, plant and equipment

1. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
2. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repair and maintenance is recognized in profit or loss when accrued.
3. Property, plant and equipment are subsequently measured at cost. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Property, plant and equipment are depreciated individually if they contain any significant components.
4. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each end of reporting year. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors," from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Building and structures	5~50 years
Machinery	3~12 years
Utilities equipment	5~15 years
Transportation equipment	4~5 years
Office equipment	4~10 years
Other equipment	2~12 years

(XIV) Lease Transactions of a Lessee - Right-of-use Assets/Lease Liabilities

1. The Group recognizes right-of-use assets and lease liabilities for all leases at the date when they are available for the Group's use. Low-value assets and short-term leases are recognized as expenses on a straight-line basis over the lease period.
2. The Group measures its lease liability at commencement date by discounting future lease payments using its incremental borrowing interest rate. Lease payments include:

   Fixed payments, less any lease incentives receivable

   that are measured in subsequent periods using the effective interest rate method and amortized over the lease term. When a change in lease payments occurs not due to contract modification, lease liability will be remeasured, with such remeasurements adjusted to right-of-use assets.
3. Right-of-use assets are recognized at costs at the inception of the lease. Cost includes:

   (1) The initial lease liability measured;

   (2) Lease payments made before or at the inception of the lease;

   (3) Any original direct costs incurred.

   Right-of-use assets are subsequently measured at costs. Depreciation of right-of-use assets is recognized at the earlier of the end of the useful life and the end of the lease term. When a lease liability is remeasured, the Group adjusts the right-of-use asset for any remeasurements.

(XV) Intangible assets

1. Computer software

Computer software is measured at the acquisition cost and amortized using the straight-line method over its estimated useful life, which is 3-5 years.

2. Goodwill

Goodwill results from mergers or acquisition.

3. Patent rights

Patents are amortized at a period of 2 to 13 years using the straight line method.

(XVI) Impairment of Financial Assets

1. The Group assesses at the end of reporting period the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is an asset's fair value less costs to sell or its value in use, whichever is higher. When there is an indication that the impairment loss recognized in prior years for an asset other than goodwill decreases or no long exists, the impairment loss is reversed to the extent of the loss previously recognized in profit or loss. However, the increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior years.
2. The Group regularly measures the recoverable amount of goodwill, intangible assets with uncertain useful life and intangible assets not available for use. Impairment is recognized when the recoverable amount is lower than the carrying amount. Impairment of goodwill is not reversed in subsequent periods.

(XVII) Borrowings

Borrowings mean short- and long-term loans borrowed from banks. Borrowings are initially recognized at the fair value less any transaction costs, and subsequently at amortized cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the borrowing period using the effective interest rate method.

(XVIII) Accounts Receivables and Notes Receivables

1. Accounts receivable and notes receivable are the debt incurred by credit purchase of raw materials, goods, or services and the notes receivables incurred by operating and non-operating activities.
2. The Group measures short-term accounts receivable and notes receivable that do not bear an interest at the invoice value because they have insignificant discount effect.

(XIX) Derecognition of Financial Liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, canceled, or they expire.

(XX) Employee benefits

1. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expenses in that period when the employees render service.

2. Pension

(1) Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund from the plan or a reduction in future contributions to the plan.

(2) Defined benefit plans

A. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior period. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The discount rate is determined by using the interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the defined benefit plans. If there is no deep market in such bonds in a country, the discount rate shall be the market yields on government bonds.

B. Remeasurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

C. Past service costs are recognized immediately in profit or loss.

D. The pension cost of interim period is calculated based on the pension cost actuarially determined according to the end date of the previous fiscal year for the period from the beginning of the year to the end of the period. In case where there is any material market fluctuation or material reduction, repayment or other material one-time events after the end date, adjustments are made and relevant information is disclosed according to the aforementioned policy.

3. Employee compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal or constructive obligations and those amounts can be reliably estimated. Any difference between the amount accrued and the amount actually distributed is accounted for as a change in accounting estimate. When employee compensation is appropriated in shares, the basis for calculating the number of shares shall be the closing price at the date before the date the Board of Directors resolves on the appropriation.

(XXI) Employees share-based payments

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date and are recognized as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-market vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognized is based on the number of equity instruments that eventually vest.

(XXII) Income tax

1. The tax expense comprises current tax and deferred income tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

2. The current income tax charge is calculated by applying the taxable income to the tax rate specified in the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operates. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. Where appropriate, management also estimate income tax liabilities based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

3. Deferred income tax is recognized, using the balance sheets liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheets. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

4. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.

5. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.
6. A deferred income tax asset shall be recognized for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilized.
7. The tax expense of interim period is calculated based on the estimated annual average effective tax rate applied to the income before tax up to the interim period and relevant information is disclosed according to the aforementioned policy.
8. When there is tax rate change occurred during the interim period, the Group recognizes the change impact at once during the period of occurrence. Items related to the income tax not recognized in profit or loss, the change impact is recognized in the other comprehensive income or equity item. For items related to the income tax recognized in profit or loss, the change impact is recognized in profit or loss.

(XXIII) Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are recognized in equity as a deduction from the proceeds.

(XXIV) Dividends appropriation

Dividends appropriated to shareholders of the Company are recognized on the date the shareholders' meeting resolves on such appropriation. Appropriation in cash is recognized as liability.

(XXV) Recognition of revenue

Sale of goods

1. The Group manufactures and sells electronic parts, magnet cores, wire-wound products, and other multilayer products. Sales revenue is recognized when the control of products is transferred to clients*, i.e.,* when products are delivered to clients to be handled at their discretion and the Group has no unperformed further obligation that may impact clients from accepting the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the clients and either the clients have accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.
2. A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before payment is due.

(XXVI) Government grants

Government grants are recognized at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes expenses for the related costs for which the grants are intended to compensate. Government grants related to property, plant and equipment are recognized as non-current liabilities and are amortized to profit or loss over the estimated useful lives of the related assets using the straight-line method.

(XXVII) Operating segments

The information on operating segments is reported in a manner consistent with the way the internal management report is provided to management. The key operating decision makers are responsible for allocating resources to operating segments and evaluate their performance. The Group identifies the Board of Directors as its key operating decision markers.

V. Significant Account Judgments and Assumptions and Primary Sources of Estimation Uncertainty

When preparing this consolidated financial statements, management has exercised their professional judgment to determine the accounting policies to be applied and made accounting estimates and assumptions based on reasonable expectation as to how future events will hold for the circumstances that exist on the balance sheets date. The significant accounting estimates and assumptions being made may deviate from the actual outcomes and will be consistently measured and adjusted in accordance with historical experience and for other factors. Such estimates and assumptions may lead to the risk of significant adjustment being made to the carrying amount of the assets and liabilities on the balance sheet. Significant accounting judgments and the uncertainty in accounting estimates and assumptions are stated below:

(I) Significant Judgments in Applying Accounting Policies

None.

(II) Significant Accounting Estimates and Assumptions

Since inventory is measured at the lower of costs and the net realizable value, the Group needs to exercise judgment and estimates to determine the net realizable value of inventory at the balance sheet date. Since the value of inventory is subject to market price fluctuation and its lifetime, the Group evaluates the market selling price and value lost due to obsolescence of inventory at the balance sheet date, and writes down inventory costs to net realization value. Being based on the demands for products in a future period, the valuation estimate may significantly change.

As of September 30, 2021, the carrying amount of the inventories of the Group is $707,169.

VI. Description of Significant Accounts

(I) Cash and cash equivalents

	September 30, 2021	December 31, 2020	September 30, 2020
Cash on hand and revolving funds	$ 2,132	$ 2,133	$ 1,847
Checking deposits and demand deposits	818,132	665,658	435,321
Time deposits	216,052	99,828	12,804
Total	$ 1,036,316	$ 767,619	$ 449,972

1. Since the Group corresponds with multiple financial institutions with good credit quality to diversify credit risks, the risk of default is expected to be low.
2. The Group did not pledge any cash and cash equivalents as collaterals.
3. As of September 30, 2022, December 31, 2020, and September 30, 2020, the Group recognized $190,234, $167,040, and $85,461, respectively, for time deposits originally due within three months that are presented as "financial assets measured at amortized cost – current."

(II) Notes and Accounts Receivable

	September 30, 2021	December 31, 2020	September 30, 2020
Notes receivable	$ 42,239	$ 28,906	$ 50,002
Accounts Receivable	$ 2,287,296	$ 1,640,982	$ 1,631,317
Less: Allowance for bad debt	(1,737)	(1,753)	(1,782)
Allowance for sales returns and discounts	(2,536)	(1,766)	(4,144)
	$ 2,283,023	$ 1,637,463	$ 1,625,391
Accounts receivable due from related parties	$ 175,393	$ 114,880	$ 146,206
Less: Allowance for bad debt	(89)	(89)	(88)
	$ 175,304	$ 114,791	$ 146,118

1. The aging analysis of accounts receivable and notes receivable is as follows:

September 30, 2021	December 31, 2020	September 30, 2020

	Accounts Receivable	Notes receivable	Accounts Receivable	Notes receivable	Accounts Receivable	Notes receivable
Not yet due	$2,439,169	$ 42,239	$1,745,811	$ 28,906	$1,767,313	$ 50,002
Within 30 days	22,900	-	9,595	-	9,697	-
31~90 days	620	-	456	-	513	-
	$2,462,689	$ 42,239	$1,755,862	$ 28,906	$1,777,523	$ 50,002

The above aging analysis is based on the number of days past due.

2. The accounts receivable and notes receivable as of September 30, 2021, December 31, 2020, and September 30, 2020 all came from contracts with clients. In addition, the accounts receivable arising from contracts with clients as of January 1, 2020 was $1,426,384.
3. Without considering the collaterals or other credit enhancements held, the amounts most representative of the credit risk exposed to the Group's notes receivable as of September 30, 2021, December 31, 2020 and September 30, 2020 were $42,239, $28,906, and $50,002, respectively; and the amounts most representative of the credit risk exposed to the Group's accounts receivable as of September 30, 2021, December 31, 2020, and September 30, 2020 were $2,458,327, $1,752,254 and $1,771,509, respectively.
4. Credit risks associated with accounts receivable and notes receivable are stated in Note 12(2).

(III) Inventory

	September 30, 2021		
	Cost	Allowance for inventory valuation	Carrying amount
Raw materials	$ 180,857	($ 10,511)	$ 170,346
Supplies	26,691	(1,960)	24,731
Work in process	277,346	(7,987)	269,359
Finished products	215,641	(10,659)	204,982
Goods	39,768	(2,017)	37,751
Total	$ 740,303	($ 33,134)	$ 707,169

	December 31, 2020		
	Cost	Allowance for inventory valuation	Carrying amount
Raw materials	$ 114,669	($ 9,928)	$ 104,741
Supplies	19,092	(2,142)	16,950
Work in process	217,500	(9,253)	208,247
Finished products	223,335	(13,328)	210,007
Goods	52,093	(3,736)	48,357
Total	$ 626,689	($ 38,387)	$ 588,302

	September 30, 2020		
	Cost	Allowance for inventory valuation	Carrying amount
Raw materials	$ 100,691	($ 9,871)	$ 90,820
Supplies	18,990	(1,924)	17,066
Work in process	223,552	(8,389)	215,163

Finished products	254,780	(12,634)	242,146
Goods	44,770	(3,612)	41,158
Total	$ 642,783	($ 36,430)	$ 606,353

1. The inventory costs recognized as expenses by the Group in this period:

	July 1 to September 30, 2021	July 1 to September 30, 2020
Cost of inventory sold	$ 1,100,236	$ 816,655
Inventory falling price loss	3,572	5,961
Others	(186)	769
	$ 1,103,622	$ 823,385

	January 1 to September 30, 2021	January 1 to September 30, 2020
Cost of inventory sold	$ 3,063,410	$ 2,167,584
Gain from price recovery of inventory	(4,878)	(2,012)
Others	534	14,440
	$ 3,059,066	$ 2,180,012

The net realizable value increased due to a constant digestion of inventory for 2021 and from January 1 to September 30, 2020.

2. The Group did not pledge any inventory as collaterals.

	September 30, 2021	December 31, 2020	September 30, 2020
Non-current:			
Equity instruments			
Shares listed on the stock exchange or the OTC market	$ 33,195	$ 7,156	$ 7,156
Shares not traded on the stock exchange, the OTC market, or the emerging stock market	18,384	18,800	19,209
	51,579	25,956	26,365
Adjustments for change in value	161,785	165,891	142,948
Total	$ 213,364	$ 191,847	$ 169,313

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

1. The Group chose to classify its strategic share investment as the financial assets at fair value through other comprehensive income, and the fair value of such investment as of September 30, 2021, December 31, 2020, and September 30, 2020 were amounted to $213,364, $191,847, and $169,313, respectively.
2. Financial assets at fair value through other comprehensive income recognized in profit and loss/comprehensive income are as follows:

	July 1 to September 30, 2021	July 1 to September 30, 2020
Equity instruments at fair value through other comprehensive income		
Changes in fair value recognized in other comprehensive gains or losses	($ 21,942)	($ 12,090)
Dividends income recognized in profit or loss held at the end of current period	$ 1,660	$ 490

	January 1 to September 30, 2021	January 1 to September 30, 2020
Equity instruments at fair value through other comprehensive income		
Changes in fair value recognized in other comprehensive gains or losses	($ 4,106)	$ 18,660
Dividends income recognized in profit or loss held at the end of current period	$ 18,387	$ 12,960

3. Without considering the collaterals or other credit enhancements held, the amounts most representative of the credit risk exposed to the Group's financial assets at fair value through other comprehensive income as of September 30, 2021, December 31, 2020, and September 30, 2020 were $213,364, $191,847, and $169,313, respectively.

4. The Group did not pledge any financial assets at fair value through other comprehensive income as collaterals.

(V) Property, plant and equipment

2021

	Land	Buildings and structures	Machinery	Utilities equipment	Transportation equipment	Office equipment	Other equipment	Unfinished construction and equipment pending for inspection	Total
January 1									
Cost	$ 96,495	$ 507,421	$ 3,853,572	$ 19,443	$ 9,544	$ 40,702	$ 211,387	$ 72,486	$ 4,811,050
Accumulated depreciation and impairment	-	(205,217)	(1,873,639)	(15,069)	(7,113)	(28,919)	(141,222)	-	(2,271,179)
	$ 96,495	$ 302,204	$ 1,979,933	$ 4,374	$ 2,431	$ 11,783	$ 70,165	$ 72,486	$ 2,539,871
January 1	$ 96,495	$ 302,204	$ 1,979,933	$ 4,374	$ 2,431	$ 11,783	$ 70,165	$ 72,486	$ 2,539,871
Addition	681,065	56,493	125,741	-	574	4,322	47,493	1,301,474	2,217,162
Disposal	-	-	-	-	-	-	-	-	-
Reclassification	-	4,072	1,038,025	4,930	2,380	5,378	25,000	(1,079,785)	-
Depreciation expenses	-	(17,723)	(227,988)	(739)	(1,077)	(2,926)	(24,512)	-	(274,965)
Net exchange differences	-	(4,267)	(20,103)	(2)	(11)	(121)	(868)	(3,044)	(28,416)
September 30	$ 777,560	$ 340,779	$ 2,895,608	$ 8,563	$ 4,297	$ 18,436	$ 117,278	$ 291,131	$ 4,453,652
September 30									
Cost	$ 777,560	$ 561,660	$ 4,983,163	$ 24,361	$ 12,009	$ 49,950	$ 281,344	$ 291,131	$ 6,981,178
Accumulated depreciation and impairment	-	(220,881)	(2,087,555)	(15,798)	(7,712)	(31,514)	(164,066)	-	(2,527,526)
	$ 777,560	$ 340,779	$ 2,895,608	$ 8,563	$ 4,297	$ 18,436	$ 117,278	$ 291,131	$ 4,453,652

2020

	Land	Buildings and structures	Machinery	Utilities equipment	Transportation equipment	Office equipment	Other equipment	Unfinished construction and equipment pending for inspection	Total
January 1									
Cost	$ 96,495	$ 500,337	$ 3,568,526	$ 19,597	$ 9,453	$ 35,251	$ 174,702	$ 21,374	$ 4,425,735
Accumulated depreciation and impairment	-	(180,245)	(1,637,091)	(14,458)	(5,705)	(26,817)	(117,212)	-	(1,981,528)
	$ 96,495	$ 320,092	$ 1,931,435	$ 5,139	$ 3,748	$ 8,434	$ 57,490	$ 21,374	$ 2,444,207
January 1	$ 96,495	$ 320,092	$ 1,931,435	$ 5,139	$ 3,748	$ 8,434	$ 57,490	$ 21,374	$ 2,444,207
Addition	-	-	86,500	-	-	1,915	24,181	164,684	277,280
Disposal	-	-	(654)	-	-	-	(22)	-	(676)
Reclassification (Note)	-	679	115,848	-	-	639	2,409	(121,473)	(1,898)
Depreciation expenses	-	(17,239)	(183,356)	(576)	(1,020)	(2,028)	(17,340)	-	(221,559)
Impairment	-	-	(2,021)	-	-	-	-	-	(2,021)
Net exchange differences	-	(1,646)	(6,569)	(1)	(6)	(29)	(266)	3	(8,514)
September 30	$ 96,495	$ 301,886	$ 1,941,183	$ 4,562	$ 2,722	$ 8,931	$ 66,452	$ 64,588	$ 2,486,819
September 30									
Cost	$ 96,495	$ 498,849	$ 3,745,481	$ 19,428	$ 9,433	$ 36,772	$ 200,404	$ 64,588	$ 4,671,450
Accumulated depreciation and impairment	-	(196,963)	(1,804,298)	(14,866)	(6,711)	(27,841)	(133,952)	-	(2,184,631)
	$ 96,495	$ 301,886	$ 1,941,183	$ 4,562	$ 2,722	$ 8,931	$ 66,452	$ 64,588	$ 2,486,819

Note: Reclassified to intangible assets.

1. The capitalized interests for 2021 and January 1 to September 30, 2020 were all $0.

2. The Group's significant components of buildings and structures, including buildings and engineering systems, are depreciated over 20~50 years and 5~20 years, respectively.
3. For information on pledged property, plant and equipment, refer to Note 8.

(VI) Lease transactions - lessee

1. The underlying assets of the Group's lease include land use right, parking space, buildings, company cars and multi-function peripherals. The lease duration usually lasts 1 to 50 years. Lease contracts are agreed upon individually and contain different terms and conditions. Except for land use right, leased assets shall not be used as collaterals and are not restricted in any way.
2. The lease term of the buildings and warehouses leased by the Group is less than 12 months. The low-value underlying asset of the Group's lease is the electronic host for business use.
3. The information on the carrying amount of the right-of-use asset and the recognized depreciation expense is as follows:

	September 30, 2021	December 31, 2020	September 30, 2020
	Carrying amount	Carrying amount	Carrying amount
Right-of-use land	$ 27,761	$ 28,739	$ 28,305
Parking space	127	508	-
Buildings	9,250	3,596	3,968
Transportation equipment	1,693	2,079	2,470
Machinery and equipment	1,150	1,289	1,234
	$ 39,981	$ 36,211	$ 35,977

	July 1 to September 30, 2021	July 1 to September 30, 2020
	Depreciation expenses	Depreciation expenses
Right-of-use land	$ 172	$ 170
Parking space	127	-
Buildings	1,097	372
Transportation equipment	324	393
Machinery and equipment	95	102
	$ 1,815	$ 1,037

	January 1 to September 30, 2021	January 1 to September 30, 2020
	Depreciation expenses	Depreciation expenses
Right-of-use land	$ 519	$ 510
Parking space	381	-
Buildings	3,050	1,116
Transportation equipment	1,002	1,178
Machinery and equipment	290	303
	$ 5,242	$ 3,107

4. Profit or loss items in relation to lease contracts are as follows:

	July 1 to September 30, 2021	July 1 to September 30, 2020
Items that affect profit or loss		

Expenses attributable to short-term lease contracts	$	2,850	$	3,684
Expenses attributable to low-value assets		15		13

	January 1 to September 30, 2021		January 1 to September 30, 2020	
Items that affect profit or loss				
Expenses attributable to short-term lease contracts	$	9,826	$	9,484
Expenses attributable to low-value assets		50		45

5. The Group's right-of-use asset increased by $0, $306, $9,476, and $587 for 2021 and from July 1 to September 30, 2020 as well as for 2021 and from January 1 to September 30, 2020, respectively.
6. The Group's cash used in lease contracts increased by $4,510, $4,564, $14,657, and $12,126 July 1 to September 30, 2020 as well as for 2021 and from January 1 to September 30, 2020, respectively.

(VII) Other non-current assets

	September 30, 2021		December 31, 2020		September 30, 2020	
Refundable deposits	$	2,025	$	1,917	$	1,903
Prepayments for construction and equipment		39,845		39,019		11,078
Uncollectible overdue receivables		1,252		1,252		1,252
Allowance for uncollectible overdue receivables	(	1,252)	(	1,252)	(	1,252)
	$	41,870	$	40,936	$	12,981

(VIII) Short-term borrowings

Nature of borrowings	September 30, 2021	Interest rate range	Collaterals
Bank loan			
Credit loan	$ 499,432	0.64%~0.95%	-

Nature of borrowings	December 31, 2020	Interest rate range	Collaterals
Bank loan			
Secured loan	$ 50,000	0.94%	Land and plant
Credit loan	647,535	0.64%~0.95%	-
	$ 697,535		

Nature of borrowings	September 30, 2020	Interest rate range	Collaterals
Bank loan			
Secured loan	$ 50,000	0.94%	Land and plant
Credit loan	461,255	0.66%~1.00%	-
	$ 511,255		

For 2021 and from July 1 to September 30, 2020 as well as for 2021 and from January 1 to September 30, 2020, the interest expenses incurred by short-term borrowings recognized in income were $659, $1,245, $3,047, and $5,236, respectively.

(IX) Short-term notes and bills payable

	September 30, 2021	December 31, 2020	September 30, 2020
Commercial paper	$ 50,000	$ 130,000	$ 110,000
Loan period	Sept. 2021 - Oct. 2021	Dec. 2020 - Feb. 2021	Sept. 2020 - Nov. 2020
Interest rate range	0.62%	0.9%~0.99%	0.94%~0.99%

For 2021 and from July 1 to September 30, 2020 as well as 2021 and from January 1 to September 30, 2020, the interest expenses incurred by short-term notes payable recognized in income were $26, $156, $157, and $498, respectively.

(X) Other payables

	September 30, 2021	December 31, 2020	September 30, 2020
Salary and bonus payables	$ 181,910	$ 148,627	$ 136,086
Social benefits liabilities payable	109,974	109,784	105,396
Employee compensation and directors' and supervisors' remuneration payable	81,050	65,054	50,549
Construction and equipment payable	296,808	83,794	94,443
Others	222,134	174,008	185,863
	$ 891,876	$ 581,267	$ 572,337

(XI) Long-term borrowings

Nature of borrowings	Loan period and means of repayment	Interest rate range	Collaterals	September 30, 2021
Long-term bank loan				
Secured loan	Principal and interest are paid from August 2021 to August 2036.	1%	Land, buildings, and structures	$ 562,855
Less: current portion of long-term loans (listed in other current liabilities)				(37,733)
				$ 525,122

Nature of borrowings	Loan period and means of repayment	Interest rate range	Collaterals	December 31, 2020
Credit loan	Principal and interest are paid quarterly from May 2020 to May 2023 (Note 2).	0.98%	-	$ 50,000
Credit loan	The loan period is from April 2020 to April 2022; principal and interest are repaid upon maturity (Note 2).	0.91%	-	100,000
Secured loan	Principal and interest are repaid semi-annually from April 2020 to December 2023 (Note 2).	0.91%	Machinery	135,000
Secured loan	Principal and interest are repaid monthly from February 2020 to February 2025 (Note 2).	0.95%	Land, Housing and Construction	25,000
Secured loan	Principal and interest are repaid monthly from June 2020 to June 2025 (Note 2).	0.95%	Land, Housing and Construction	27,000
				337,000
Less: current portion of long-term loans (listed in other current liabilities)				(67,000)

	$ 270,000

Nature of borrowings	Loan period and means of repayment	Interest rate range	Collaterals	September 30, 2020
Credit loan	Principal and interest are paid quarterly from May 2020 to May 2023 (Note 2).	0.98%	-	$ 55,000
Credit loan	The loan period is from April 2020 to April 2022; principal and interest are repaid upon maturity (Note 2).	0.94%	-	120,000
Credit loan	Principal and interest are repaid monthly from May 2016 to April 2021 (Note 1).	0.95%	-	4,500
Secured loan	Principal and interest are repaid semi-annually from April 2020 to December 2023 (Note 2).	0.94%	Machinery	135,000
Secured loan	Principal and interest are repaid monthly from February 2020 to February 2025 (Note 2).	0.95%	Land, Housing and Construction	26,500
Secured loan	Principal and interest are repaid monthly from June 2020 to June 2025 (Note 2).	0.95%	Land, Housing and Construction	28,500
				369,500
Less: current portion of long-term loans (listed in other current liabilities)				(46,500)
				$ 323,000

Note 1: Early repayment made in full in December 2020.

Note 2: Early repayment made in full in April 2021.

For 2021 and from July 1 to September 30, 2022 as well as for 2021 and from January 1 to September 30, 2020, the interest expenses incurred by long-term borrowings recognized in income were $534, $897, $1,519, and $2,584, respectively.

(XII) Pension

1(1) By adhering to the requirements set forth in the "Labor Standards Act," the Company has established its own defined retirement benefits plan, which is applicable both to the service years of all regular employees rendered before the enforcement of the "Labor Pension Act" on July 1, 2005, and to the service years of all employees who elected to continue applying the Labor Standards Act after the implementation of the "Labor Pension Act." Pensions for employees qualified for retirement are calculated based on their servicing years and their average salaries of the 6 months prior to their retirement. Two bases are given for each full year of service rendered within 15 years. But for the rest of the years over 15 years, one base is given for each full year of service rendered. The total number of bases shall be no more than 45. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, under the name of the Independent Retirement Fund Committee. In addition, the Company estimates the balance of the said designated pension account before the end of year. If the balance is not sufficient to cover the amount to be paid to all employees - calculated in the manner specified above - who will qualify the retirement conditions next year, a lump-sum deposit should be made before March-end of the following year to cover the difference.

(2) The Company has established the "Regulations for Resignation and Retirement of Managers," which is applicable to the managers appointed by the Company. Pensions for appointed managers are calculated as follows:

A. Pensions for the service year applying the Labor Standards Act are calculated using the equation stated in the previous section.

B. The Company contributes an amount of pension equal to 6% of an employee's monthly salary for those electing to apply the Labor Pension Act and those taking their post on or after July 1, 2005.

C. For appointed managers who have rendered 25 or more years of services as of December 31, 2018, two bases are given to each full year of services rendered within 15 years, one base is given to each full year of service over 15 years (rounded up to one year for any year of service less than one year), and their annual salary at their 25th year of service is taken as their average salary. The Company makes a pension contribution equal to 6% of their monthly salary starting from their 25th year of service.

(3) For 2021 and from of July 1 to September 30, 2020 as well as 2021 and from January 1 to September 30, 2020, the pension costs recognized in the manner specified above were $70, $14, $209, and $137, respectively.

(4) The Company is expected to pay a contribution of $0 to the retirement plan for 2021.

2(1) On July 1, 2005, the Company established its own pension regulations applicable to Taiwanese nationals in accordance with the "Labor Pension Act." Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(2) TAI-TECH Advanced Electronics (Kunshan) and TAIPAQ Electronic Components (Si-Hong) Co., Ltd. contribute a certain percentage of a local employee's monthly salary, as required by the People's Republic of China, to the endowment insurance system. For 2021 and from January 1 to September 30, 2020, the contribution percentages were 16% and 16%, respectively. The pension for employees is managed independently by the government. Except for making monthly contribution, the Group has no further obligation.

(3) For 2021 and from of July 1 to September 30, 2020 as well as 2021 and from January 1 to September 30, 2020, the pension costs recognized in the manner specified above were $18,380, $13,567, $47,492, and $36,710, respectively.

(XIII) Share-based payments

1. The Group's share-based payment arrangements for January 1 to September 30, 2021 are as follows: (no such transaction from January 1, 2020 to September 30, 2020)

Type of agreement	Date granted	Quantity granted	Contract period	Vesting conditions
The portion of common shares issuance reserved for employee subscription	March 29, 2021	1,467 thousand shares	NA	Immediate vesting

The said share-based payment arrangements are settled with equity.

2. The Group adopted the Black-Scholes option pricing model to evaluate the fair value of its employee stock options granted under share-based payment arrangements, stated as follows:

Type of agreement	Date granted	Share price	Exercise Price	Expected volatility	Expected life	Expected dividends	Risk-free interest rate	Fair value per unit
The portion of common shares issuance reserved for employee subscription	March 29, 2021	NT$149	NT$118.78	47.21%	0.07 years	-	0.34%	NT$30.4361

3. Expenses incurred by share-based payment transactions were as follows:

	July 1 to September 30, 2021
Equity settlement	$ -

	January 1 to September 30, 2021
Equity settlement	$ 44,650

(XIV) Share capital

1. As of September 30, 2021, the Company had an authorized capital equal to $3,000,000 (with $20,000 retained for issuance of employee stock option certificates), a paid-in capital equal to $1,031,340 and a share face value equal to NT$10. All proceeds for share subscription were collected in full.

Reconciliation for the Company's outstanding common shares at the beginning and ending of periods is as follows:

	2021	2020
January 1	91,000	91,000
Issuance of common shares for cash	12,134	-
September 30	103,134	91,000

2. On March 2, 2021, the Board of Directors resolved to issue new shares before being initially listed on Taipei Exchange. A total of 12,134 thousand shares with the face value of NT$10 were issued. The public offering price was NT$118.78 per share. The record date for such capital increase was set on April 23, 2021, which was already modified and registered with the competent authority.

(XV) Capital surplus

Under the Company Act, capital surplus arising from shares issued at premium or from donation may be used for offsetting deficit. Furthermore, if the Company has no accumulated loss, capital surplus may be used for issuing new shares or distributing cash in proportion to shareholders' original shareholding percentage. According to the Securities and Exchange Act, when the above-mentioned capital surplus is used for capitalization, the total amount every year shall not exceed 10% of the paid-in capital. The Company may use capital surplus to offset loss only when the amount of reserves is insufficient to offset the loss.

2021

	additional paid-in capital	All changes in the subsidiaries' Total changes in equity	net assets from merger
January 1	$ 109,124	$ 12,353	$ 2,046
Issuance of common shares for cash	1,763,164	-	-
September 30	$ 1,872,288	$ 12,353	$ 2,046

2020

	additional paid-in capital	All changes in the subsidiaries' Total changes in equity	net assets from merger
January 1	$ 200,124	$ 12,353	$ 2,046
Capital surplus appropriated in cash	(91,000)	-	-
September 30	$ 109,124	$ 12,353	$ 2,046

(XVI) Retained earnings

1. According to the Company's Articles of Incorporation, if the Company has any earnings in the final account, they should be used to pay off all the taxes and duties, as well as to compensate prior deficits. The remaining amount, if any, should be appropriated in the following order of presentation: (1) 10% as legal reserve until it reaches the Company's paid-in capital; (2) set aside or reverse a certain amount as or of special reserve according to operating needs or laws or regulations; (3) the remainder plus unappropriated earnings from prior years may be used to appropriate dividends or bonuses to shareholders after an earnings appropriation proposal is drafted by the Board of Directors and resolved in favor by the shareholders meeting.

2. The Company's dividend appropriation policy takes into account the factors such as the industry environment it is in, its growing phases, future capital demands, financial structure, capital budge, shareholders' interest, balanced dividends and long-term financial planning. An earnings appropriation proposal is drafted by the Board of Directors (and reported to the shareholders' meeting) to the extent appropriable on the conditions that the Company's business is in the expanding phase, profitability expects to grow, and appropriation of stock dividends won't significantly dilute the Company's profitability. No less than 30% of annual earnings are appropriated to shareholders. Shareholder's bonuses may be appropriated in cash or in shares, provided, however, that the appropriation in cash shall not be less than 10% of the total appropriated amount.

3. Except being used to make up previous deficits or appropriate shares or cash to shareholders in proportion to their shareholding percentage, the legal reserve shall not be used. However, the amount of legal reserves used to appropriate new shares or cash shall be limited to the portion exceeding 25% of the paid-in capital.

4(1) According to law, the Company may appropriate earnings only after it has provided special reserve under the debit balance of other equity on the balance sheet date. If subsequently the debit balance of other equity is reversed, the reversed amount may be used as appropriable earnings.

(2) As for the special reserves provided upon initial application of IFRSs to satisfy the requirements specified in the official letter Jin-Guan-Zheng-Fa-Zi No. 1010012865 dated April 6, 2012, the Company may reverse them to the extent of their original provision ratio if subsequently the Company intends to use, dispose of or reclassify related assets. If the said related assets are investment property relating to land, such assets are reversed upon disposal or reclassification; if the said related assets are investment property other than land, such assets are reversed gradually over the use period.

5. As resolved on in the shareholder's meeting dated June 24, 2020, the Company determined to appropriate dividends in the amount of $154,700 (NT$1.7 per share) with the earnings made in 2019.

6. At the Board of Directors' meeting dated March 2, 2021, the Board of Directors originally intended to appropriate common-share dividends in the amount of $373,100(NT$4.1 per share) with the earning made in 2020. However, the capital amount increased due to issuance of new shares. As such, at the Board of Directors' meeting dated April 29, 2021, the Board of Directors resolved to appropriate common-share dividends in the amount of $422,849 (NT$4.1 per share) with the earnings made in 2020.

(XVII) Other equity items

2021

	Unrealized gains (losses)	Foreign currency translation	Total
January 1	$ 165,891	($ 180,156)	($ 14,265)
Valuation of financial assets at fair value through other comprehensive income: - Group	(4,106)	-	(4,106)
Exchange differences: - Group			

- Group	-	(49,749)	(49,749)
September 30	$ 161,785	($ 229,905)	($ 68,120)

	2020		
	Unrealized gains (losses)	Foreign currency translation	Total
January 1	$ 124,288	($ 214,279)	($ 89,991)
Valuation of financial assets at fair value through other comprehensive income: - Group	18,660	-	18,660
Exchange differences: - Group - Group	-	(16,360)	(16,360)
September 30	$ 142,948	($ 230,639)	($ 87,691)

	July 1 to September 30, 2021	July 1 to September 30, 2020
Revenue from contracts with clients	$ 1,694,489	$ 1,230,919

	January 1 to September 30, 2021	January 1 to September 30, 2020
Revenue from contracts with clients	$ 4,652,938	$ 3,269,866

(XVIII) Operating revenue

The Group's revenue derived from transfer of goods at a particular point of time are classified into the following categories:

	July 1 to September 30, 2021	July 1 to September 30, 2020
Wire-wound products	$ 1,041,543	$ 840,192
Multilayer products	281,728	251,963
LAN transformers	363,970	132,113
Other	7,248	6,651
Total	$ 1,694,489	$ 1,230,919

	January 1 to September 30, 2021	January 1 to September 30, 2020
Wire-wound products	$ 2,925,790	$ 2,262,986
Multilayer products	818,046	660,216
LAN transformers	887,968	323,515
Other	21,134	23,149
Total	$ 4,652,938	$ 3,269,866

(XIX) Other income

	July 1 to September 30, 2021	July 1 to September 30, 2020

Rental income	$ 806	$ 30
Dividends income	1,660	490
Subsidies income	765	2,194
Miscellaneous income	1,181	471
Total	$ 4,412	$ 3,185

	January 1 to September 30, 2021	January 1 to September 30, 2020
Rental income	$ 1,022	$ 75
Dividends income	18,387	12,960
Subsidies income	42,750	23,578
Miscellaneous income	1,635	905
Total	$ 63,794	$ 37,518

The Group recognized government grants primarily because its qualified for the grants awarded to entice investment in the industries within Si-Hong Economic Development Zone.

(XX) Other gains and losses

	July 1 to September 30, 2021	July 1 to September 30, 2020
Gains on disposal of property, plant and equipment	$ 235	$ 232
Exchange gains (losses), net	5,498	(28,716)
Impairment loss recognized on property, plant, and equipment	-	(2,021)
Miscellaneous expenses	(6)	(40)
	$ 5,727	($ 30,545)

	January 1 to September 30, 2021	January 1 to September 30, 2020
Gains on disposal of property, plant and equipment	$ 320	$ 870
Exchange losses, net	(6,965)	(28,612)
Impairment loss recognized on property, plant, and equipment	-	(2,021)
Miscellaneous expenses	(7)	(754)
	($ 6,652)	($ 30,517)

(XXI) Additional Information on the Nature of Expenses

	July 1 to September 30, 2021		
	Attributable to operating costs	Attributable to operating expenses	Total
Employee benefits expense	$ 272,887	$ 102,761	$ 375,648
Depreciation expenses of property, plant and equipment	94,848	7,711	102,559
Depreciation of right-of-use assets	752	1,063	1,815
Amortization	752	586	1,338

	July 1 to September 30, 2020 Attributable to operating costs	Attributable to operating expenses	Total
Employee benefits expense	$ 186,467	$ 80,339	$ 266,806
Depreciation expenses of property, plant and equipment	67,616	6,366	73,982
Depreciation of right-of-use assets	89	948	1,037
Amortization	104	377	481

	January 1 to September 30, 2021 Attributable to operating costs	Attributable to operating expenses	Total
Employee benefits expense	$ 750,751	$ 333,150	$ 1,083,901
Depreciation expenses of property, plant and equipment	253,683	21,282	274,965
Depreciation of right-of-use assets	2,054	3,188	5,242
Amortization	1,511	1,556	3,067

	January 1 to September 30, 2020 Attributable to operating costs	Attributable to operating expenses	Total
Employee benefits expense	$ 518,117	$ 232,340	$ 750,457
Depreciation expenses of property, plant and equipment	202,698	18,861	221,559
Depreciation of right-of-use assets	264	2,843	3,107
Amortization	319	912	1,231

(XXII) Employee benefit expense

	July 1 to September 30, 2021 Attributable to operating costs	Attributable to operating expenses	Total
Salary and wages	$ 237,102	$ 90,744	$ 327,846
Labor and health insurance expense	6,136	4,093	10,229
Pension expense	14,921	3,529	18,450
Other personnel expense	14,728	4,395	19,123
	$ 272,887	$ 102,761	$ 375,648

	July 1 to September 30, 2020 Attributable to operating costs	Attributable to operating expenses	Total
Salary and wages	$ 160,705	$ 70,584	$ 231,289
Labor and health insurance expense	4,232	3,309	7,541
Pension expense	10,903	2,678	13,581
Other personnel expense	10,627	3,768	14,395
	$ 186,467	$ 80,339	$ 266,806

	January 1 to September 30, 2021		
	Attributable to operating costs	Attributable to operating expenses	Total
Salary and wages	$ 653,631	$ 299,963	$ 953,594
Labor and health insurance expense	16,204	10,903	27,107
Pension expense	37,920	9,781	47,701
Other personnel expense	42,996	12,503	55,499
	$ 750,751	$ 333,150	$ 1,083,901

	January 1 to September 30, 2020		
	Attributable to operating costs	Attributable to operating expenses	Total
Salary and wages	$ 447,902	$ 205,515	$ 653,417
Labor and health insurance expense	11,917	9,190	21,107
Pension expense	29,148	7,699	36,847
Other personnel expense	29,150	9,936	39,086
	$ 518,117	$ 232,340	$ 750,457

1. Where there are earnings in the final account, no less than 6% shall be allocated as employee compensation, either in cash or in shares, as resolved by the Board of Directors - employees qualified for such compensation include employees from affiliated companies who meet certain criteria; and 1%-2% shall be allocated as remuneration for directors and supervisors.
2. For 2021 and from July 1 to September 30, 2020 as well as 2021 and January 1 to September 30, 2020, the employee compensation recognized by the Company were $24,671, $13,821, $64,840, and $40,439, respectively, and the directors' and supervisors' remunerations recognized were $6,167, $3,705, $16,210, and $10,110, respectively, which were presented under salary and wages.

The employee compensation and directors' and supervisors' remuneration for 2021 and from January 1 to September 30, 2020 were estimated at 6% and 1.5%, respectively, of the earnings at the end of the period.

The amount of the accrued employee compensation and directors' and supervisors' remuneration for 2020 as had been resolved by the Board of Directors was the same as the amount recognized in the financial statements for 2020.

The amounts of employee compensation and directors' and supervisors' remuneration approved by the Board of Directors and resolved by the shareholders' meeting can be found on the Market Observation Post System of TWSE.

(XXIII) Income tax

1. Income tax expense

(1) Income tax components:

	July 1 to September 30, 2021	July 1 to September 30, 2020
Current tax:		
Tax attributable to taxable income of the period	$ 50,720	$ 28,935
Additional levy on unappropriated earnings	-	-
Over-estimate of income tax of the previous period	6	-
Total current tax	50,726	28,935
Deferred income tax:		
Deferred income tax on temporary differences originated and reversed	-	6,496
Income tax expenses	$ 50,726	$ 35,431

	January 1 to September 30, 2021	January 1 to September 30, 2020
Current tax:		
Tax attributable to taxable income of the period	$ 141,249	$ 76,913
Additional levy on unappropriated earnings	-	11,521
Over-estimate of income tax of the previous period	(7,380)	(10,506)
Total current tax	133,869	77,928
Deferred income tax:		
Deferred income tax on temporary differences originated and reversed	-	26,914
Income tax expenses	$ 133,869	$ 104,842

(2) Income tax associates with other comprehensive income: None.

(3) Income tax directly debited or credited in equity: None.

2. The Company's for-profit business income tax has been approved by the Revenue Service Office until 2018.

(XXIV) Earnings per share (EPS)

	July 1 to September 30, 2021		
	Post-tax amount	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (EPS) (NT$)
Basic earnings per share			
Profit attributable to shareholders of common shares of the parent	$ 349,713	103,134	$ 3.39
Diluted earnings per share			
Profit attributable to shareholders of common shares of the parent	$ 349,713	103,134	

Dilutive effects of the potential common shares			
Employee compensation	-	511	
Profit attributable to shareholders of common shares of the parent plus potentially dilutive ordinary shares effect	$ 349,713	103,645	$ 3.37

	July 1 to September 30, 2020		
	Post-tax amount	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (EPS) (NT$)
Basic earnings per share			
Profit attributable to shareholders of common shares of the parent	$ 186,853	91,000	$ 2.05
Diluted earnings per share			
Profit attributable to shareholders of common shares of the parent	$ 186,853	91,000	
Dilutive effects of the potential common shares			
Employee compensation	-	180	
Profit attributable to shareholders of common shares of the parent plus potentially dilutive ordinary shares effect	$ 186,853	91,180	$ 2.05

	January 1 to September 30, 2021		
	Post-tax amount	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (EPS) (NT$)
Basic earnings per share			
Profit attributable to shareholders of common shares of the parent	$ 925,223	97,741	$ 9.47
Diluted earnings per share			
Profit attributable to shareholders of common shares of the parent	$ 925,223	97,741	
Dilutive effects of the potential common shares			
Employee compensation	-	595	
Profit attributable to shareholders of common shares of the parent plus potentially dilutive ordinary shares effect	$ 925,223	98,336	$ 9.41

	January 1 to September 30, 2020		
	Post-tax amount	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (EPS) (NT$)
Basic earnings per share			
Profit attributable to shareholders of common shares of the parent	$ 560,083	91,000	$ 6.15
Diluted earnings per share			

Profit attributable to shareholders of common shares of the parent	$ 560,083	91,000	
Dilutive effects of the potential common shares Employee compensation	-	840	
Profit attributable to shareholders of common shares of the parent plus potentially dilutive ordinary shares effect	$ 560,083	91,840	$ 6.10

(XXV) Additional Information on Cash Flows

Investing activities partially involving cash payments:

	January 1 to September 30, 2021	January 1 to September 30, 2020
Acquisition of property, plant, and equipment	$ 2,217,162	$ 277,280
Add: Construction and equipment payable at the beginning of the period	83,794	56,098
Notes payable at the beginning of the period	45,604	-
Less: Construction and equipment payable at the end of the period	(296,808)	(94,443)
Notes payable at the end of the period	(328,215)	(48,900)
Cash paid in the period	$ 1,721,537	$ 190,035

(XXVI) Changes in Liabilities Arising from Financing Activities

2021

	Short-term borrowings	Short-term notes and bills payable	Long-term borrowings	Lease liabilities	Total liabilities from financing activities
January 1	$ 697,535	$ 130,000	$ 337,000	$ 7,515	$ 1,172,050
Changes from financing cash flows	(194,638)	(80,000)	225,855	(4,781)	(53,564)
Effects of exchange rate changes	(3,465)	-	-	(6)	(3,471)
Other non-cash changes	-	-	-	9,476	9,476
September 30	$ 499,432	$ 50,000	$ 562,855	$ 12,204	$ 1,124,491

2020

	Short-term borrowings	Short-term notes and bills payable	Long-term borrowings	Lease liabilities	Total liabilities from financing activities
January 1	$ 646,270	$ 120,000	$ 325,286	$ 9,705	$ 1,101,261
Changes from financing cash flows	(131,246)	(10,000)	44,214	(2,597)	(99,629)

Effects of exchange rate changes	(3,769)	-	-	(4)	(3,773)
Other non-cash changes	-	-	-	568	568
September 30	$ 511,255	$ 110,000	$ 369,500	$ 7,672	$ 998,427

VII. Related Party Transactions

(I) Name and Relationship of Related Party

Name of related party	Relationship with the Group
Superworld Electronics (S) Pte Ltd.	Other related party
TAI-TECH ADVANCED ELECTRONICS (S) PTE LTD	Other related party
Superworld Electronics Co., Ltd.	Other related party
Superworld Electronics (Dongguan) Co., Ltd.	Other related party
Jui-hsia Tai	Immediate family member of the major management
Chang-i Hsieh	Immediate family member of the major management
Chairman, Supervisor, President, and Vice President	Major management of the Group

(II) Significant Transactions with Related Party

1. Operating revenue

	July 1 to September 30, 2021	July 1 to September 30, 2020
Sale of goods:		
Other related party	$ 124,434	$ 81,500

	January 1 to September 30, 2021	January 1 to September 30, 2020
Sale of goods:		
Other related party	$ 332,548	$ 240,557

The price of goods sold to related party by the Group is the same as that for an arm’s length transaction; the payment terms also approximate those for ordinarily clients.

2. Purchase

	July 1 to September 30, 2021	July 1 to September 30, 2020
Purchase of goods:		
Other related party	$ 3,137	$ 1,181

	January 1 to September 30, 2021	January 1 to September 30, 2020
Purchase of goods:		
Other related party	$ 7,709	$ 4,908

The price of goods purchased from related party by the Group is the same as that for an arm’s length transaction;

the payment terms also approximate those for ordinarily suppliers.

3. Freight expenses and miscellaneous expenses

	July 1 to September 30, 2021	July 1 to September 30, 2020
Other related party	$ 24	$ 33

	January 1 to September 30, 2021	January 1 to September 30, 2020
Other related party	$ 169	$ 167

4. Other income

	July 1 to September 30, 2021	July 1 to September 30, 2020
Other related party	$ -	$ -

	January 1 to September 30, 2021	January 1 to September 30, 2020
Other related party	$ -	$ 22

5. Lease transactions - lessee

(1) The Group leased buildings from the immediate family members of the major management, with the lease term due between 2018 and 2023 and the rental paid on a monthly basis.

(2) Rental expense

	July 1 to September 30, 2021	July 1 to September 30, 2020
Other related party	$ 45	$ 80

	January 1 to September 30, 2021	January 1 to September 30, 2020
Other related party	$ 129	$ 280

(3) Lease liabilities

Balance at the end of the period:

	September 30, 2021	December 31, 2020	September 30, 2020
Jui-hsia Tai	$ 1,272	$ 1,844	$ 2,035
Chang-i Hsieh	1,208	1,752	1,933
	$ 2,480	$ 3,596	$ 3,968

6. Accounts receivables due from related party

	September 30, 2021	December 31, 2020	September 30, 2020
Accounts receivable:			
Other related party	$ 175,304	$ 114,791	$ 146,118
Other receivables:			
Other related party	-	1,324	21

Total	$ 175,304	$ 116,115	$ 146,139

7. Accounts payables due to related party

	September 30, 2021	December 31, 2020	September 30, 2020
Accounts payable:			
Other related party	$ 4,076	$ 3,124	$ 26,974
Other payables:			
Other related party	37	18	38
Total	$ 4,113	$ 3,142	$ 27,012

8. The Group's long- and short-term loans on September 30, 2021, December 31, 2020, and September 30, 2020 are jointly and severally guaranteed by the key management of the Group.

(III) Remuneration to Major Management

	July 1 to September 30, 2021	July 1 to September 30, 2020
Short-term employee benefits	$ 27,122	$ 20,102
Post-retirement benefits	316	381
Share-based payments	-	-
Total	$ 27,438	$ 20,483

	January 1 to September 30, 2021	January 1 to September 30, 2020
Short-term employee benefits	$ 72,115	$ 53,769
Post-retirement benefits	935	975
Share-based payments	6,361	-
Total	$ 79,411	$ 54,744

VIII. Pledged Assets

The Group’s assets pledged as collateral are as follows:

Type of asset	September 30, 2021	December 31, 2020	September 30, 2020	Purpose of collateral
Property, plant and equipment				
-land	$ 766,893	$ 85,828	$ 85,828	Short and long-term borrowings
- Buildings and structures	68,355	22,738	234,170	Short and long-term borrowings
- Machinery	-	276,834	283,274	Long-term borrowings
Right-of-use asset- land use rights	-	-	4,606	Short-term borrowings

IX. Significant Commitments or Contingencies

(I) or Contingencies

None.

(II) Commitments

Capital expenditures committed but not yet incurred

	September 30, 2021	December 31, 2020	September 30, 2020
Property, plant and equipment	$ 146,877	$ 218,945	$ 66,415
Computer software	$ 781	$ -	$ -

X. Significant Disaster Losses

None.

XI. Significant Subsequent Events

None.

XII. Others

(I) Capital Management

The purposes of the Group's capital management are to ensure that the Group continues as a going concern, to maintain an optimum capital structure to lower financing costs and to provide returns of investment to shareholders. For the purpose of maintaining an optimal capital structure, the Group may adjust the amount of dividends paid to shareholders or may issue new shares.

(II) Financial Instrument

1. Type of financial instrument

	September 30, 2021	December 31, 2020	September 30, 2020
Financial Assets			
Financial assets measured at FVTOCI			
Equity instrument specified and selected Investment	$ 213,364	$ 191,847	$ 169,313
Financial assets measured at amortized cost			
Cash and cash equivalents	$ 1,036,316	$ 767,619	$ 449,972
Financial assets measured Financial Assets	190,234	167,040	85,461
Notes receivable, net	42,239	28,906	50,002
at cost after amortization (including related parties)	2,458,327	1,752,254	1,771,509
Other receivables (including those due from related party)	38,743	14,168	19,194
Refundable deposits (recognized under other non-current assets)	2,025	1,917	1,903
	$ 3,767,884	$ 2,731,904	$ 2,378,041
Financial Liabilities			
Financial assets measured at amortized cost			

Short-term borrowings	$ 499,432	$ 697,535	$ 511,255
Short-term notes and bills payable	50,000	130,000	110,000
Notes payable	340,608	56,755	60,284
Accounts payable (including related party)	833,388	571,419	587,266
Other payables (including those due to related party)	891,876	581,267	572,337
Long-term borrowings (including those due within 1 year)	562,855	337,000	369,500
Refundable deposits (recognized under other non-current liabilities)	1,640	-	-
	$ 3,179,799	$ 2,373,976	$ 2,210,642
Lease liabilities (including those due to related parties)	$ 12,204	$ 7,515	$ 7,672

2. Risk management policy

(1) The Group's daily operations are affected by various financial risks, *e.g.,* market risk (including exchange rate risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's risk management policy focuses on the unpredictable market events in order to minimize their potentially adverse impacts on the Group's financial position and financial performance.

(2) The Group's key financial activities are reviewed by the Board of Directors against relevant regulations and its internal control systems. The Company strictly abides by relevant financial operating procedures during the implementation of financial plans.

3. Nature and degree of significant financial risks

(1) Market risk

Foreign currency risk

A. The Group operates internationally and so is subject to the exchange rate risk of different currencies, particularly the USD and RMB. Relevant exchange rate risk arises from future business transactions and the recognized assets and liabilities. In addition, the conversion from RMB to other currencies is subject to the foreign currency exchange control regulations imposed by China.

B. The Group's management has formulated relevant policy to require entities within the Group to manage the foreign exchange risks associated with their functional currency. Foreign exchange risk arises when future business transactions or recognized assets or liabilities are denominated in a currency other than the entity's functional currency.

C. Since the Group engages in business involving multiple functional currencies (*e.g.,* the Company's functional currency is NTD while some subsidiaries' functional currencies are either USD or RMB), the Group is subject to fluctuation in foreign exchange rates. Foreign-currency-denominated assets and liabilities having significant impacts if foreign exchange rates change were as follows:

	September 30, 2021		
	Foreign currency (in thousands)	Exchange rate	Carrying amount (New Taiwan Dollars)
(Foreign currency: functional currency)			
Financial Assets			
Monetary items			
USD : NTD	$ 44,766	27.85	$ 1,246,733
RMB:NTD	240,092	4.29	1,029,995

	Foreign currency (in thousands)	Exchange rate	Carrying amount (New Taiwan Dollars)
USD：RMB	46,581	6.49	302,311
Financial Liabilities			
Monetary items			
USD : NTD	$ 36,887	27.85	$ 1,027,303
RMB:NTD	42	4.29	180
USD：RMB	23,440	6.49	152,126

	December 31, 2020		
	Foreign currency (in thousands)	Exchange rate	Carrying amount (New Taiwan Dollars)
(Foreign currency: functional currency)			
Financial Assets			
Monetary items			
USD : NTD	$ 48,532	28.48	$ 1,382,191
RMB:NTD	9,964	4.36	43,443
USD：RMB	26,861	6.52	175,134
Financial Liabilities			
Monetary items			
USD : NTD	$ 33,205	28.48	$ 945,678
RMB:NTD	15	4.36	65
USD：RMB	20,630	6.52	134,508

	September 30, 2020		
	Foreign currency (in thousands)	Exchange rate	Carrying amount (New Taiwan Dollars)
(Foreign currency: functional currency)			
Financial Assets			
Monetary items			
USD : NTD	$ 45,376	29.10	$ 1,320,442
RMB:NTD	591	4.27	2,524
USD：RMB	30,535	6.81	207,943
Financial Liabilities			
Monetary items			
USD : NTD	$ 32,096	29.10	$ 933,994
RMB:NTD	35	4.27	149
USD：RMB	19,513	6.81	132,884

D. The monetary items of the Group were significantly affected by exchange rate fluctuations in 2021 and from July 1 to September 30, 2020. The amounts of all exchange gains and losses recognized in 2021 and from January 1 to September 30, 2020 were exchange benefits of $5,498, losses of $28,716, losses of $6,965 and losses of $28,612. Since the Group's transactions involve multiple currencies that have significant foreign exchange impacts, they are disclosed as a whole.

E. Foreign exchange risks arising from significant exchange rate changes that the Group is exposed to were as follows:

	January 1 to September 30, 2021		
	Sensitivity Analysis		
	Fluctuation	Effects on P/L	Impact on other comprehensive income
(Foreign currency: functional currency)			
Financial Assets			
Monetary items			
USD : NTD	1%	$ 12,467	$ -
RMB:NTD	1%	10,300	-
USD：RMB	1%	3,023	-
Financial Liabilities			
Monetary items			
USD : NTD	1%	10,273	-
RMB:NTD	1%	2	
USD：RMB	1%	1,521	-

	January 1 to September 30, 2020		
	Sensitivity Analysis		
	Fluctuation	Effects on P/L	Impact on other comprehensive income
(Foreign currency: functional currency)			
Financial Assets			
Monetary items			
USD : NTD	1%	$ 13,204	$ -
RMB:NTD	1%	25	-
USD：RMB	1%	2,079	-
Financial Liabilities			
Monetary items			
USD : NTD	1%	9,340	-
USD：RMB	1%	1,329	-

Price risk

A. Since the Group's investment is classified as financial assets measured at fair value through other comprehensive income on the consolidated balance sheets, the Group is exposed to the risk of price changes in equity instrument.

B. The Group mainly invests in equity instruments issued by a domestic or foreign company. The price of such equity instruments can be affected by changes in future value of their investment targets. Suppose the price of these equity instruments increases or decreases by 1%, and all other factors remain unchanged. In that case, the gains or losses on other comprehensive profit and loss classified as equity investments measured at fair value for 2021 and from January 1 to September 31, 2020 through other comprehensive income would increase or decrease by $2,134 and $1,693, respectively.

Cash flow and fair value interest rate risk

A. The Group’s interest rate risks mainly come from short- and long-term borrowings issued at floating interest rates. Such exposure also means the Group is exposed to cash flow interest rate risks, though a portion of risks have been offset by the Group’s holding of cash bearing a floating interest rate. For 2021 and from January 1 to September 30, 2020, the Group’s borrowings bearing a floating interest rate are denominated in NTD and USD.

B. When the borrowing interest rate of NTD and USD increases or decreases by 1%, held other variables constant, the Company’s net income after tax for 2021 and from January 1 to September 30, 2020 would decrease or increase by $6,374 and $5,285, respectively, mainly due to changes in interest expense caused by borrowings bearing a floating interest rate.

(2) Credit risk

A. Credit risk refers to the risk of financial loss to the Group arising from default by clients, or by counter-parties of financial instruments on the contract obligations. Credit risk of the Group mainly comes from accounts receivable, notes receivable and the contractual cash flows of financial assets measured at amortized cost that are prone to default by counter-parties.

B. The Group establishes a framework for managing credit risks from a group's perspective. As the internal credit approval policy stipulates, an operating entity within the Group shall manage and analyze the credit risk of a new client before proposing terms and conditions pertaining to payments and delivery of goods. Internal risk control is achieved by evaluating a client’s credit quality against the client’s financial position, credit records and other factors. The limit on individual risk is set by the management by referring to internal or external ratings. The status of utilization of credit lines is regularly monitored.

C. The Group applies the presumption of IFRS 9 and deems that the credit risk of a financial assets has significantly increased after initial recognition when the receivables obliged by the contractual terms are 30-days past due.

D. The Group’s credit risk management procedures deem a default occurred when a counterparty is significantly delinquent on repayments.

E. After the recourse procedures, the Group writes off financial assets that could not be reasonably expected to be recovered. Nonetheless, the Group will continue the recourse legal procedures to secure its right to the debt. As of September 30, 2021, December 31, 2020, and September 30, 2020, the Group’s debts that had been written off but were continually pursued were all $0.

F. The Group classifies accounts receivable due from clients by the characteristics of their ratings, and adopts the simplified approach that measures expected credit losses based on the preparation matrix.

G. By taking into account the forward-looking consideration that economic indicators hold, the Group adjusts the expected credit loss rate that was established based on historical or present information, so as to estimate the allowance for accounts receivable, notes receivable, and uncollectible overdue receivables. The preparation matrices as of September 30, 2021, December 31, 2020, and September 30, 2020, were as follows, respectively:

	Individual disclosure	Not yet due	Overdue within 30 days	Overdue 31 ~ 90 days	Overdue 91 ~180 days and above	Total
September 30, 2021						
Expected loss (%)	100.00%	0.07%	5.44%	6.94%	100.00%	
Total carrying amount	$ 1,252	$ 2,481,408	$ 22,900	$ 620	$ -	$ 2,506,180
Loss allowance	$ 1,252	$ 1,223	$ 576	$ 27	$ -	$ 3,078

	Individual disclosure	Not yet due	Overdue within 30 days	Overdue 31 ~ 90 days	Overdue 91 ~ 180 days	Total
December 31, 2020						

Expected loss (%)	100.00%	0.07%	5.44%	6.94%	100.00%	
Total carrying amount	$ 1,252	$ 1,774,717	$ 9,595	$ 456	$ -	$ 1,786,020
Loss allowance	$ 1,252	$ 1,232	$ 583	$ 27	$ -	$ 3,094

September 30, 2020	Individual disclosure	Not yet due	Overdue within 30 days	Overdue 31 ~ 90 days	Overdue 91 ~ 180 days	Total
Expected loss (%)	100.00%	0.07%	5.44%	6.94%	100.00%	
Total carrying amount	$ 1,252	$ 1,817,315	$ 9,697	$ 513	$ -	$ 1,828,777
Loss allowance	$ 1,252	$ 1,270	$ 573	$ 27	$ -	$ 3,122

H. Changes in the loss allowances provided for accounts receivable using the simplified approach are as follows:

2021	Accounts Receivable	Notes receivable	Uncollectible overdue receivables	Total
January 1	$ 1,842	$ -	$ 1,252	$ 3,094
Exchange rate effects	(16)	-	-	(16)
September 30	$ 1,826	$ -	$ 1,252	$ 3,078

2020	Accounts Receivable	Notes receivable	Uncollectible overdue receivables	Total
January 1	$ 16,977	$ -	$ 1,252	$ 18,229
Impairment loss reversed	(15,020)	-	-	(15,020)
Exchange rate effects	(87)	-	-	(87)
September 30	$ 1,870	$ -	$ 1,252	$ 3,122

(3) Liquidity risk

A. Cash flows forecast is done by each operating entity; the Administration Department of the Group is responsible only for summarizing the results. Administration Department of the Group monitors the forecast of the Group's liquidity needs to ensure that it has sufficient funds to meet operating needs and maintain sufficient unused loan commitments so that it won't default on any borrowing limits or terms. Such a forecast takes into account the Group's debt financing plan, compliance with provisions of debt instruments, fulfillment of the financial ratio targets on the balance sheet and conformity with external regulatory requirements, such as foreign exchange control.

B. The table below listed the Group's non-derivative financial liabilities by maturity date. They were analyzed for the residual duration between the balance sheet date and the maturity date. The table below disclosed the contractual cash flows not discounted.

Non-derivative financial liabilities:

September 30, 2021	Less than 1 year	1~2 years	2~5 years	Over 5 years
Short-term borrowings	$ 499,432	$ -	$ -	$ -
Short-term notes and bills payable	50,000	-	-	-
Notes payable	340,608	-	-	-

Accounts payable	829,312	-	-	-
Accounts payables to related parties	4,076	-	-	-
Other payables (including those due to related party)	891,876	-	-	-
Lease liabilities (including the portion with maturity in one year)	6,161	4,489	1,554	-
Long-term borrowings (including the portion with maturity in one year)	43,189	42,811	126,171	392,898

Non-derivative financial liabilities:

December 31, 2020	Less than 1 year	1~2 years	2~5 years
Short-term borrowings	$ 697,535	$ -	$ -
Short-term notes and bills payable	130,000	-	-
Notes payable	56,755	-	-
Accounts payable	568,295	-	-
Accounts payables to related parties	3,124	-	-
Other payables (including those due to related party)	581,267	-	-
Lease liabilities (including the portion with maturity in one year)	3,575	2,693	1,247
Long-term borrowings (including the current portion)	69,884	183,529	88,659

Non-derivative financial liabilities:

September 30, 2020	Less than 1 year	1~2 years	2~5 years
Short-term borrowings	$ 511,255	$ -	$ -
Short-term notes and bills payable	110,000	-	-
Notes payable	60,284	-	-
Accounts payable	560,292	-	-
Accounts payables to related parties	26,974	-	-
Other payables (including those due to related party)	572,337	-	-
Lease liabilities (including the portion with maturity in one year)	3,133	2,864	1,675
Long-term borrowings (including the current portion)	49,777	204,096	121,927

C. The Group does not expect a maturity analysis of which the cash flows timing would be significantly earlier or the actual amount would be significantly different.

(III) Fair Value Information

1. Below are the definitions assigned to each level of valuation technique used to measure the fair value of financial and non-financial assets.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed shares is included in Level 1.

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

Level 3: Unobservable inputs for the asset or liability. This includes the equity instruments without active market investment by the Company.

2. Financial instruments not measured at fair values

   Management of the Group thinks that the carrying amount of financial instruments not measured at fair value, including cash and cash equivalents, notes receivable, accounts receivables, other receivables, lease liability and long-term borrowings (including the current portion), is the reasonable approximation of their fair value.

3. Financial and non-financial assets at fair value are classified by nature, characteristic, risk and fair value level, stated as follows:

   (1) The Group classifies its assets and liabilities by their function; stated as follows:

September 30, 2021	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value				
Financial assets at fair value through other comprehensive income				
Equity-based securities	$ 96,765	$ -	$ 116,599	$ 213,364

December 31, 2020	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value				
Financial assets at fair value through other comprehensive income				
Equity-based securities	$ 54,858	$ -	$ 136,989	$ 191,847

September 30, 2020	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value				
Financial assets at fair value through other comprehensive income				
Equity-based securities	$ 39,975	$ -	$ 129,338	$ 169,313

   (2) The techniques and assumptions used to measure fair value are stated as follows:

   A. Financial instruments of which the fair value is marked to market quotations (*i.e.,* level 1 inputs) are stated as follows:

	Listed shares
Market quotation	Closing price

   B. Except for financial instruments with an active market, the fair value of other financial instruments is obtained either based on the valuation technique or by reference to the quotes from counter-parties. Fair value can be obtained by using a valuation technique that refers to the fair value of financial instruments having substantially the same terms and characteristics, or by using other valuation technique, *e.g.,* the one that applies market information available on the consolidated balance sheets date to a pricing model for calculation.

   C. Outputs from the valuation models are estimates and valuation techniques may not be able to reflect all relevant factors of the financial and non-financial instruments held by the Group. Therefore, when needed, estimates from the valuation model would be adjusted for additional parameters, *e.g.,* model risk or liquidity risk.

4. For 2021 and from January 1 to September 30, 2020, there was no transfer between Level 1 and Level 2 fair value hierarchy.
5. Changes in Level 3 fair value hierarchy are stated as follows for 2021 and from January 1 to September 30, 2020

	2021	2020
	Equity-based securities	Equity-based securities
January 1	$ 136,989	$ 126,151
Gains or losses recognized in other comprehensive income		
Unrealized gains (losses) from investments in equity instruments at fair value through other comprehensive income recognized	(19,974)	7,061
Exchange rate effects	(416)	(3,874)
September 30	$ 116,599	$ 129,338

6. For 2021 and from January 1 to September 30, 2020, there was no transfer into or out of Level 3.
7. Valuation process regarding fair value Level 3 is conducted by the Group's Administration Department, which conducts an independent fair value verification though use of independent data source in order to make the valuation results close to market conditions, and to ensure that the data source is independent, reliable and consistent with other sources, and that the fair value is adjusted where appropriate, thereby ensuring a reasonable valuation result.
8. The quantitative information on, changes in, and sensitivity analysis of significant unobservable inputs used in Level 3 fair value measurement are stated as follows:

	September 30, 2021 per unit	Valuation technique	Significant unobservable inputs	Interval (weighted average)	Relationship of inputs and fair value
Non-derivative equity instruments:					
Unlisted shares	$ 116,599	Public company comparables	Discount for lack of marketability	25%	The higher the discount for lack of marketability, the lower the fair value

	December 31, 2020 per unit	Valuation technique	Significant unobservable inputs	Interval (weighted average)	Relationship of inputs and fair value
Non-derivative equity instruments:					
Unlisted shares	$ 136,989	Public company comparables	Discount for lack of marketability	25%	The higher the discount for lack of marketability, the lower the fair value

	September 30, 2020 per unit	Valuation technique	Significant unobservable inputs	Interval (weighted average)	Relationship of inputs and fair value
Non-derivative equity instruments:					

Unlisted shares	$ 129,338	Public company comparables	Discount for lack of marketability	25%	The higher the discount for lack of marketability, the lower the fair value

9. The Group elects to adopt valuation models and valuation parameters under prudential consideration. Nonetheless, this does not preclude the differences arising from adoption of different valuation models or parameters. If valuation parameters change, financial assets classified as Level 3 will have effects on other comprehensive income, stated as follows:

September 30, 2021

	inputs	Changes	Recognized in P/L Favorable changes	Recognized in P/L Unfavorable changes	Recognized in other comprehensive income (OCI) Favorable changes	Recognized in other comprehensive income (OCI) Unfavorable changes
Financial Assets Equity instruments	$ 155,467	±1%	$ -	$ -	$ 1,671	($ 1,671)

December 31, 2020

	inputs	Changes	Recognized in P/L Favorable changes	Recognized in P/L Unfavorable changes	Recognized in other comprehensive income (OCI) Favorable changes	Recognized in other comprehensive income (OCI) Unfavorable changes
Financial Assets Equity instruments	$ 182,651	±1%	$ -	$ -	$ 1,709	($ 1,709)

September 30, 2020

	inputs	Changes	Recognized in P/L Favorable changes	Recognized in P/L Unfavorable changes	Recognized in other comprehensive income (OCI) Favorable changes	Recognized in other comprehensive income (OCI) Unfavorable changes
Financial Assets Equity instruments	$ 17,245	±1%	$ -	$ -	$ 1,746	($ 1,746)

(IV) Other Matters

In response to the pandemic alert system for COVID-19 and multiple pandemic prevention measures taken by the government, the Group has also adopted and upheld necessary measures to address the issues brought by the pandemic. A careful assessment conducted by the Group has led to the conclusion that the pandemic has no significant influence on the Group's ability to continue as a going concern, asset impairment and financial risks.

XIII. Additional Disclosures

(I) Information on Significant Transactions

1. Loaning Funds to Others: Refer to Table 1.
2. Provision of Endorsements and Guarantees: refer to Table 2.
3. Marketable Securities Held at the End of the Period (Excluding Investment in Subsidiaries, Affiliated Companies and the Control Portion in a Joint Venture): refer to Table 3.
4. Accumulative Purchase of Disposal of the Same Marketable Securities that Reaches NT$300 Million or 20% or More of Paid-in Capital: None.

5. Acquisition of Real Property That Reaches NT$300 Million or 20% or More of Paid-in Capital: Refer to Table 4.
6. Disposal of Real Property That Reaches NT$300 Million or 20% or More of Paid-in Capital: none.
7. Transaction with Related Party That Reaches NT$100 Million or 20% or More of Paid-in Capital: Refer to Table 5.
8. Receivables Due from Related Party That Reach NT$100 Million or 20% or More of Paid-in Capital: Refer to Table 6.
9. Engagement in Derivatives Trading: none.
10. The Business Relationship, Significant Transactions, and Significant Transaction Amount between Parent and Subsidiaries, or among Subsidiaries: Refer to Table 7.

(II) Information on Indirect Investment

Names and Location of Investees (Excluding Those in Mainland China): Refer to Table 8.

(III) Investment in Mainland China

1. Basic Information: Refer to Table 9.
2. Significant Transactions with Investees in Mainland China That Are Invested by the Group, Either Directly, or Indirectly Through Another Entity Outside Taiwan and China: Refer to Table 7.

(IV) Major Shareholder Information

Major Shareholder Information: Refer to Table 10.

XIV. Segment Information

(I) General Information

The Group engages in a single industry; the Group's Board of Directors evaluates the performance of and allocates resources to the Group as a whole. As such, the Group identifies itself to be a single reporting segment.

(II) Segment Information

Information on reportable segment provided to the main operating decision makers:

	January 1 to September 30, 2021	January 1 to September 30, 2020
Segment revenue	$ 4,652,938	$ 3,269,866
Segment gross profit	$ 1,593,872	$ 1,089,854
Segment profits or losses	$ 1,059,092	$ 664,925
Discount and amortization	$ 283,274	$ 225,897
Income tax expenses	$ 133,869	$ 104,842
	September 30, 2021	September 30, 2020
Segment assets	$ 9,322,387	$ 5,736,258
Segment liabilities	$ 3,423,480	$ 2,411,983

(III) Reconciliation of Segment Profit or Loss

Reconciliation is not required because the profit or loss information on the reporting segment that was provided to the main operating decision makers is consistent with that prepared and disclosed in the financial statements.

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries

Loans of funds to others

January 1, 2021 to September 30, 2021

Table 1

Unit: NT$ thousand

(unless otherwise specified)

No.	Lending company	Borrowing party	Transaction item	Whether it is a related party	Highest balance Maximum Amount	Ending balance	Amount actually drawn	Interest rate range	Nature of loaning of funds	Business transaction amount	Reason for necessary short-term financing	Allowance for impairment Loss	Collaterals Name	Collaterals Value	Loan and limit for individual borrower (Note)	Total limit of loaning of funds to others (Note)	Remarks
1	Fixed Rock Holding Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Other receivables	Yes	$ 57,070 (USD 2,000 thousand)	$ 55,700 (USD 2,000 thousand)	$ 36,205 (USD 1,300 thousand)	2.40%	Short-term financing fund	$ -	Business revolving fund	$ -	-	$ -	$ 2,026,354	$ 2,026,354	
1	Fixed Rock Holding Ltd.	TAI-TECH Advanced Electronics (Kunshan)	Other receivables	Yes	$ 85,605 (USD 3,000 thousand)	$ 83,550 (USD 3,000 thousand)	$ 55,700 (USD 2,000 thousand)	1.00%	Short-term financing fund	$ -	Business revolving fund	$ -	-	$ -	$ 2,026,354	$ 2,026,354	
2	TAI-TECH Advanced Electronics (Kunshan)	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Other receivables	Yes	$ 171,770 (RMB 40,000 thousand)	$ 171,770 (RMB 40,000 thousand)	$ 171,770 (RMB 40,000 thousand)	3.35%~3.8%	Short-term financing fund	$ -	Business revolving fund	$ -	-	$ -	$ 796,797	$ 796,797	

Note: The total amount of loaning of funds to others of the Company shall not exceed 40% of the net worth of the Company, and the amount of loaning of fund to an individual company or firm shall not exceed 20% of the net worth of the Company. The total amount of loaning of funds between subsidiaries with more than 100% of voting shares directly and indirectly by the Company shall not exceed the net worth.

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries

Endorsements/guarantees

January 1, 2021 to September 30, 2021

Table 2

Unit: NT$ thousand
(unless otherwise specified)

No.	Endorsement/guarantee provider	Endorsed/guaranteed party name provider	Relationship	Limits on endorsement/ guarantee amount provided to each guaranteed party (Note)	Balance of maximum amount of endorsement/ guarantee of the period	Ending balance of endorsement/ guarantee	Amount Amount	Amount of endorsement/ guarantee collateralized by properties	Ratio of accumulated endorsement/ guarantee to net equity per latest financial statements	Maximum amount of endorsement/ guarantee allowance (Note)	Endorsement/guarantee provided by parent company to subsidiary	Endorsement/ guarantee provided by parent company to subsidiary	Endorsement/ guarantee provided to Mainland China	Remarks
0	Tai-Tech Advanced Electronics Co., Ltd.	Fixed Rock Holding Ltd.	Subsidiary	$ 2,359,563	$199,745 (USD7,000 thousand)	$111,400 (USD4,000 thousand)	$55,700 (USD2,000 thousand)	$ -	1.89%	$ 2,949,454	Yes	No	No	
0	Tai-Tech Advanced Electronics Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Subsidiary	$ 2,359,563	$285,350 (USD10,000 thousand)	$139,250 (USD5,000 thousand)	$97,475 (USD3,500 thousand)	$ -	2.36%	$ 2,949,454	Yes	No	Yes	
0	Tai-Tech Advanced Electronics Co., Ltd.	TAI-TECH Advanced Electronics (Kunshan)	Subsidiary	$ 2,359,563	$57,070 (USD2,000 thousand)	$55,700 (USD2,000 thousand)	-	$ -	0.94%	$ 2,949,454	Yes	No	Yes	

Note:The total amount of endorsements/guarantees shall not exceed 50% of the net worth of the Company. The amount of endorsements/guarantees made for one single enterprise shall not exceed 40% of the net worth of the Company.

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries

Holding of marketable securities at the end of the period (not including those of subsidiaries, associates and joint ventures)

September 30, 2021

Table 3

Unit: NT$ thousand

(unless otherwise specified)

Holding company name	Marketable securities types and name	Relationship with issuer	Financial statement account	End of period: Number of shares (thousand shares)	Carrying amount	Shareholdings Percentage	Fair value per unit	Remarks
Tai-Tech Advanced Electronics Co., Ltd.	All Ring Tech Co., Ltd.	None	Financial assets at fair value through other comprehensive income acquired - non-current	615	$ 70,725	1%	$ 70,725	Unpledged
Tai-Tech Advanced Electronics Co., Ltd.	Gigabyte Technology Co., Ltd.	None	Financial assets at fair value through other comprehensive income acquired - non-current	300	26,040	0.05%	26,040	Unpledged
Best Bliss Investments Limited	Superworld Holding (S) PTE. LTD.	Other related party	Financial assets at fair value through other comprehensive income acquired - non-current	2,000	116,599	10%	116,599	Unpledged

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries

Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more

January 1, 2021 to September 30, 2021

Table 4

Unit: NT$ thousand

(unless otherwise specified)

Company acquiring real property	Property name	Date of occurrence (Note 2)	Transaction amount	Payment status	Transaction counterparty	Relationship	Where the transaction counterparty is a related party, information on the previous transfer is as follows: Owner	Relationship with the issuer	Date of transfer	Amount	Reference for price determination Basis (Note 1)	Purpose of acquisition and State of use	other agreements Relevant matters
Tai-Tech Advanced Electronics Co., Ltd.	Industrial land and facility	2021.05.25	$ 729,980	$ 729,980	Leading Inc.	Non-related party	N/A	N/A	N/A	N/A	Valuation amount and market conditions of professional valuation agencies, etc.	Installation of new product production line and expansion of production capacity for popular products	

Note 1: For assets acquired requiring appraisal, it is necessary to indicate the appraisal results in the "Reference basis for price determination."

Note 2: The date of occurrence refers to the any one of the following dates of transaction contract signing date, payment day, commissioning date, transfer date, board resolution date or other dates where the transaction counterparty and transaction amount are confirmed.

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries

Transaction with Related Party That Reaches NT$100 Million or 20% or More of Paid-in Capital

January 1, 2021 to September 30, 2021

Table 5

Unit: NT$ thousand
(unless otherwise specified)

			Transaction Details				Abnormal Transaction and Reason		Notes/Accounts Receivable (Payable)		
Company of purchase (sale)	Transaction party name	Relationship	Purchase (Sale)	Amount	Percentage of total purchase (sale)	Payment terms	Unit price	Payment terms	Balance	Percentage of total notes/accounts receivable (payable)	Remarks
Tai-Tech Advanced Electronics Co., Ltd.	TAI-TECH Advanced Electronics (Kunshan)	Parent-subsidiary	Sales	(137,218)	4%	Note 1	Note 1	-	182,117	9%	
Tai-Tech Advanced Electronics Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Parent-subsidiary	Sales	(597,535)	17%	Note 1	Note 1	-	402,252	20%	
Tai-Tech Advanced Electronics Co., Ltd.	Superworld Electronics (S) Pte Ltd	Other related party	Sales	(232,427)	6%	Note 2	Note 2	-	115,426	6%	
TAI-TECH Advanced Electronics (Kunshan)	Tai-Tech Advanced Electronics Co., Ltd.	Parent-subsidiary	Sales	(659,493)	55%	Note 1	Note 1	-	298,603	49%	
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Tai-Tech Advanced Electronics Co., Ltd.	Parent-subsidiary	Sales	(1,116,957)	39%	Note 1	Note 1	-	651,749	40%	
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	TAI-TECH Advanced Electronics (Kunshan)	Associate	Sales	(355,622)	12%	Note 1	Note 1	-	161,373	10%	

Note 1: Transaction price adopts the general rules for the payment receipt period agreed by both parties.
Note 2: Transaction price and the payment receipt period adopts the general rules.

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries

Receivables Due from Related Party That Reach NT$100 Million or 20% or More of Paid-in Capital

September 30, 2021

Table 6

Unit: NT$ thousand

(unless otherwise specified)

Company of accounts receivable recognized	Transaction party name	Relationship	Balance of accounts receivables due from related party	Turnover rate	Overdue amount of accounts receivable from related party		Amounts received in subsequent period	Allowance for Impairment Loss
					Amount	Treatment method		
Tai-Tech Advanced Electronics Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Parent-subsidiary	$ 402,252	3.00	$ -	-	$ 93,858	$ -
Tai-Tech Advanced Electronics Co., Ltd.	TAI-TECH Advanced Electronics (Kunshan)	Parent-subsidiary	182,117	3.70	-	-	48,522	-
TAI-TECH Advanced Electronics (Kunshan)	Tai-Tech Advanced Electronics Co., Ltd.	Parent-subsidiary	298,603	2.96	-	-	71,394	-
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Tai-Tech Advanced Electronics Co., Ltd.	Parent-subsidiary	651,749	2.80	-	-	162,197	-
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	TAI-TECH Advanced Electronics (Kunshan)	Associate	161,373	2.27	-	-	30,358	-
Tai-Tech Advanced Electronics Co., Ltd.	Superworld Electronics (S) Pte. Ltd.	Other related party	115,426	3.11	-	-	24,473	57
TAI-TECH Advanced Electronics (Kunshan)	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Associate	175,495	-	-	-	-	-

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries

Significant inter-company transactions during the reporting periods and their business relationships.

January 1, 2021 to September 30, 2021

Table 7

Unit: NT$ thousand

(unless otherwise specified)

No. (Note 1)	Name of transaction party	Transaction party	Relationship with transaction party (Note 2)	Transaction details: Item		Transaction details: Amount	Transaction details: Transaction terms	Transaction details: Percentage of consolidated total revenue or total assets
0	Tai-Tech Advanced Electronics Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	1	Sales revenue	$	597,535	Note 3	13%
0	〃	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	1	Accounts Receivable		402,252		4%
0	〃	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	1	Accounts payable		651,749		7%
0	〃	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	1	Purchase		1,116,957	Note 3	24%
0	〃	TAI-TECH Advanced Electronics (Kunshan)	1	Sales revenue		137,218	Note 3	3%
0	〃	TAI-TECH Advanced Electronics (Kunshan)	1	Purchase		659,493	Note 3	14%
0	〃	TAI-TECH Advanced Electronics (Kunshan)	1	Accounts Receivable		182,117		2%
0	〃	TAI-TECH Advanced Electronics (Kunshan)	1	Accounts payable		298,603		3%
1	Fixed Rock Holding Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	2	Other receivables		36,688		0%
1	〃	TAI-TECH Advanced Electronics (Kunshan)	2	Other receivables		56,234		1%
2	TAI-TECH Advanced Electronics (Kunshan)	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	2	Purchase		355,622	Note 3	8%
2	〃	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	2	Accounts payable		161,373		2%
2	〃	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	2	Other receivables		175,495		2%

Note 1: The business dealing information between the parent company and subsidiary shall be, respectively, indicated in the numbering column and there are two types of number filling methods as follows:

(1) Fill in "0" for the parent company.

(2) Subsidiaries are listed sequentially, starting from the Arabic number "1."

Note 2: There are two types of relationship with the transaction party as follows:

(1) Parent to subsidiary.

(2) Subsidiary to parent company

Note 3: Transaction price adopts the general rules for the payment receipt period agreed by both parties.

Note 4: The disclosure standard for the business relationship and material transaction details between the parent and subsidiary for the period from January 1, 2021 to September 30, 2021 is higher than NT$10 million.

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries

Name, location, and other related Information of the investees (not including investees in Mainland China)

January 1, 2021 to September 30, 2021

Table 8

Unit: NT$ thousand

(unless otherwise specified)

				Initial investment amount		End of term holding					
Name of Investor	Name of Investee	Location	Main business	End of current period	End of last year	Number of shares (in thousands)	percentage	Carrying amount	Current profit/loss of investee	Current investment profit/loss recognized	Remarks
Tai-Tech Advanced Electronics Co., Ltd.	North Star International Limited	SAMOA	Buying and selling of electronic components	$ 3,459	$ 3,459	100	100%	$ 78,948	$ 95	$ 95	
Tai-Tech Advanced Electronics Co., Ltd.	Best Bliss Investments Limited	Cayman Islands	Re-invested business	1,075,284	1,075,284	34,250	100%	3,049,323	383,761	393,711	
Best Bliss Investments Limited	Fixed Rock Holding Ltd.	Mahe Seychelles	Re-invested business	862,944 (USD 28,784 thousand)	862,944 (USD 28,784 thousand)	25,450	100%	2,028,704	284,183	284,183	

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries
Information on Investments in Mainland China - Basic Information
January 1, 2021 to September 30, 2021

Table 9

Unit: NT$ thousand
(unless otherwise specified)

Name of investee in Mainland China	Main business	Paid-in capital	Investment method	Accumulated outward remittance for investment from Taiwan at beginning of the current period	Outward remittance or repatriation of investment amount of the current period: Outward remittance	Outward remittance or repatriation of investment amount of the current period: Repatriation	Accumulated outward remittance for investment from Taiwan at end of the current period (Note 7)	Current profit/loss of investee	Ownership percentage of direct or indirect investment	Current Investment profit/loss recognized (Note 3)	Carrying amount at end of the period (Note 3)	Accumulated repatriation of investment income as of end of current period	Remarks
TAI-TECH Advanced Electronics (Kunshan)	Production, processing, and sale of electronic components	USD11,935 thousand	Investment in Mainland China companies through a company invested and established in a third region (Note 1)	$ 352,249 (USD10,914 thousand)	$ -	$ -	$ 352,249 (USD10,914 thousand)	$ 59,343	100%	$ 59,343	$ 796,797	$ -	
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Production, processing, and sale of electronic components	USD33,156 thousand	Investment in Mainland China companies through a company invested and established in a third region (Note 2)	600,232 (USD18,821 thousand)	-	-	600,232 (USD18,821 thousand)	307,344	100%	307,344	2,152,933	-	

provider	Accumulated outward remittance for investment in China region at end of the period (Note 4, Note 5)	Investment amount approved by Investment Commission, MOEA (Note 6)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
Tai-Tech Advanced Electronics Co., Ltd.	$ 1,384,982 (USD 43,343 thousand)	$ 1,234,953 (USD 44,343 thousand)	$ 3,539,344

Note 1: 100% invested by Best Bliss Investments Limited 100%.
Note 2: Best Bliss Investments Limited and Fixed Rock Holding Ltd. hold 7.71% and 92.29%, respectively.
Note 3: The financial statements audited by CPA retained by the parent company in Taiwan.

Note 4: The Company liquidated TAI-TECH Advanced Electronics (Dongguan) in 2015 and the accumulated investment loss amount is USD 1,513 thousand.
Note 5: NTD is calculated based on the historical exchange rate.
Note 6: NTD is calculated based on rate of the balance sheet date
Note 7: The third-place proprietary fund and debt-equity swap investment amount are excluded.

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries

Major Shareholder Information

September 30, 2021

Table 10

Major shareholders	Shares: Number of shares held	Shares: Shareholdings Percentage
Superworld Holdings (S) Pte. Ltd. investment account under custody of First Commercial Bank	10,207,649	9.89%
Hengyang Investment Co., Ltd.	6,467,995	6.27%
Northwest Investment Co., Ltd.	6,121,718	5.93%

Explanation: The Company obtains the information of this table from the Taiwan Depository and Clearing Corporation:

(1) This table is based on the information provided by the Taiwan Depository and Clearing Corporation for shareholders holding greater than 5% of the shares completed the process of registration and book-entry delivery in dematerialized form (including treasury stocks) of the Company at the last business date of each quarter.

There may be a discrepancy in the number of shares recorded on the Company’s financial statements and its dematerialized securities arising from the difference in basis of preparation.

(2) For the table above, the shareholder who delivers the shares to the trust is disclosed by the individual trustee who opened the trust account. In accordance with the Security Exchange Act, the shareholders have to disclose the insider equity more than 10% of the shares, including their own shares and their delivery to the trust, and have the right to make decisions on the trust property. Information on insider equity is available on the Market Observation Post System (MOPS) website. Information on equity is available on the MOPS website.