

**ZENITRON CORPORATION AND
SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
SEPTEMBER 30, 2021 AND 2020**

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

INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Zenitron Corporation

Introduction

We have reviewed the accompanying consolidated balance sheets of Zenitron Corporation and subsidiaries (the "Group") as at September 30, 2021 and 2020, and the related consolidated statements of comprehensive income for the three months and nine months then ended, as well as the related consolidated statements of changes in equity and of cash flows for the nine months then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of review

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

Basis for qualified conclusion

As explained in Note 4(3)B, the financial statements of certain insignificant consolidated subsidiaries were not reviewed by independent auditors. Total assets of these subsidiaries amounted to NT\$2,177,426 thousand and NT\$1,809,707 thousand, both constituting 11% of the consolidated total assets as at September 30, 2021 and 2020, respectively, total liabilities amounted to NT\$1,067,247 thousand and NT\$716,667 thousand, constituting 7% and 6% of the consolidated total liabilities as at September 30, 2021 and 2020, respectively, and the total comprehensive income amounted to NT\$3,653 thousand, NT\$51,332 thousand, NT\$830 thousand and NT\$33,596 thousand, constituting 1%, (50)%, 0% and 6% of the consolidated total comprehensive income for the three months and six months then ended, respectively.

Qualified conclusion

Except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries been reviewed by independent auditors as described in the *Basis for qualified conclusion* section above, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at September 30, 2021 and 2020, and of its consolidated financial performance for the three months and nine months then ended and its consolidated cash flows for the nine months then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission.

Chen, Chin-Chang

Yi-Fan Lin

For and on behalf of PricewaterhouseCoopers, Taiwan

November 8, 2021

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors’ report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

ZENITRON CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2021, DECEMBER 31, 2020 AND SEPTEMBER 30, 2020
(Expressed in thousands of New Taiwan Dollars)
(The balance sheets as of September 30, 2021 and 2020 are reviewed, not audited)

Assets	Notes	September 30, 2021		December 31, 2020		September 30, 2020	
		AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets							
Cash and cash equivalents	6(1)	\$ 1,492,507	8	\$ 1,676,223	9	\$ 1,410,959	9
Financial assets at fair value through profit or loss - current	6(2)	20,821	-	25,307	-	24,884	-
Financial assets at fair value through other comprehensive income - current	6(3)	610	-	858,856	4	892,741	5
Notes receivable, net	6(4)	279,242	1	220,785	1	194,310	1
Accounts receivable, net	6(4)	9,677,656	48	9,146,660	47	8,689,333	52
Other receivables		75,191	-	100,253	1	80,705	-
Inventories, net	6(5)	6,725,722	34	6,377,512	33	4,443,224	27
Other current assets		172,794	1	84,546	1	155,168	1
Total current assets		18,444,543	92	18,490,142	96	15,891,324	95
Non-current assets							
Financial assets at fair value through other comprehensive income - non-current	6(3)	956,678	5	95,894	1	96,978	1
Property, plant and equipment	6(6)	425,785	3	440,004	2	438,289	3
Right-of-use assets	6(7)	69,980	-	98,306	1	83,411	1
Investment property, net	6(9) and 8	36,628	-	37,036	-	37,172	-
Deferred income tax assets		70,011	-	63,504	-	58,742	-
Other non-current assets	8	66,339	-	65,291	-	63,758	-
Total non-current assets		1,625,421	8	800,035	4	778,350	5
Total assets		\$ 20,069,964	100	\$ 19,290,177	100	\$ 16,669,674	100

(Continued)

ZENITRON CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2021, DECEMBER 31, 2020 AND SEPTEMBER 30, 2020
(Expressed in thousands of New Taiwan Dollars)
(The balance sheets as of September 30, 2021 and 2020 are reviewed, not audited)

Liabilities and Equity	Notes	September 30, 2021		December 31, 2020		September 30, 2020	
		AMOUNT	%	AMOUNT	%	AMOUNT	%
Current liabilities							
Short-term borrowings	6(10)	\$ 8,544,947	43	\$ 8,668,103	45	\$ 7,685,915	47
Short-term notes and bills payable	6(11)	699,387	3	549,506	3	549,564	3
Notes payable		3,791	-	2,528	-	4,197	-
Accounts payable		4,159,353	21	4,403,301	23	2,961,186	18
Other payables		476,146	3	447,222	2	369,366	2
Current income tax liabilities		158,951	1	59,326	-	19,096	-
Current lease liabilities	6(7)	42,314	-	40,234	-	33,270	-
Other current liabilities		87,516	-	72,945	1	85,258	1
Total current liabilities		<u>14,172,405</u>	<u>71</u>	<u>14,243,165</u>	<u>74</u>	<u>11,707,852</u>	<u>71</u>
Non-current liabilities							
Bonds payable	6(12)	575,740	3	-	-	-	-
Deferred income tax liabilities		114,468	1	114,468	1	114,468	1
Non-current lease liabilities	6(7)	29,911	-	59,073	-	50,148	-
Other non-current liabilities		70,310	-	71,913	-	67,726	-
Total non-current liabilities		<u>790,429</u>	<u>4</u>	<u>245,454</u>	<u>1</u>	<u>232,342</u>	<u>1</u>
Total liabilities		<u>14,962,834</u>	<u>75</u>	<u>14,488,619</u>	<u>75</u>	<u>11,940,194</u>	<u>72</u>
Equity attributable to owners of parent							
Share capital	6(14)						
Common stock		2,138,249	11	2,138,249	11	2,138,249	13
Capital surplus	6(15)						
Capital surplus		1,034,339	5	958,734	5	958,734	6
Retained earnings	6(16)						
Legal reserve		766,624	4	718,200	4	718,200	4
Unappropriated retained earnings		893,000	4	643,662	3	514,691	3
Other equity interest							
Other equity interest		274,918	1	342,713	2	399,606	2
Total equity attributable to owners of parent		<u>5,107,130</u>	<u>25</u>	<u>4,801,558</u>	<u>25</u>	<u>4,729,480</u>	<u>28</u>
Total equity		<u>5,107,130</u>	<u>25</u>	<u>4,801,558</u>	<u>25</u>	<u>4,729,480</u>	<u>28</u>
Significant contingent liabilities and unrecognised contract commitments	9						
Total liabilities and equity		\$ 20,069,964	100	\$ 19,290,177	100	\$ 16,669,674	100

The accompanying notes are an integral part of these consolidated financial statements.

ZENITRON CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020
(Expressed in thousands of New Taiwan Dollars, except for earnings per share)
(UNAUDITED)

Items	Notes	Three months ended September 30				Nine months ended September 30			
		2021		2020		2021		2020	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
Operating Revenue	6(17)	\$ 10,892,812	100	\$ 10,789,823	100	\$ 31,732,736	100	\$ 24,222,201	100
Operating Costs	6(5)	(10,211,015)	(94)	(10,349,492)	(96)	(29,852,196)	(94)	(23,060,543)	(95)
Gross profit		681,797	6	440,331	4	1,880,540	6	1,161,658	5
Operating Expenses	6(21)								
Selling expenses		(289,469)	(2)	(207,949)	(2)	(794,460)	(2)	(577,842)	(3)
General and administrative expenses		(100,696)	(1)	(114,079)	(1)	(263,859)	(1)	(256,873)	(1)
Total operating expenses		(390,165)	(3)	(322,028)	(3)	(1,058,319)	(3)	(834,715)	(4)
Operating Profit		291,632	3	118,303	1	822,221	3	326,943	1
Non-operating income and expenses									
Interest income		535	-	1,169	-	1,960	-	5,109	-
Other income	6(18)	26,405	-	33,973	-	48,170	-	54,258	-
Other gains and losses	6(19)	13,356	-	38,700	-	50,674	-	100,390	-
Finance costs	6(20)	(28,815)	-	(23,492)	-	(86,620)	-	(93,275)	-
Total non-operating income and expenses		11,481	-	50,350	-	14,184	-	66,482	-
Profit before Income Tax		303,113	3	168,653	1	836,405	3	393,425	1
Income tax expense	6(22)	(45,995)	-	(20,595)	-	(140,696)	(1)	(54,868)	-
Profit for the Period		<u>\$ 257,118</u>	<u>3</u>	<u>\$ 148,058</u>	<u>1</u>	<u>\$ 695,709</u>	<u>2</u>	<u>\$ 338,557</u>	<u>1</u>
Other Comprehensive Income									
Components of other comprehensive income (loss) that will not be reclassified to profit or loss									
Unrealised gains from investments in equity instruments measured at fair value through other comprehensive income	6(3)	\$ 27,876	-	(\$ 227,393)	(2)	\$ 738	-	\$ 251,126	1
Components of other comprehensive income (loss) that will be reclassified to profit or loss									
Exchange differences on translation of foreign financial statements		(8,201)	-	(22,795)	-	(60,180)	-	(52,011)	-
Other Comprehensive Income (Loss) for the Period		<u>\$ 19,675</u>	<u>-</u>	<u>(\$ 250,188)</u>	<u>(2)</u>	<u>(\$ 59,442)</u>	<u>-</u>	<u>\$ 199,115</u>	<u>1</u>
Total Comprehensive Income (Loss)		<u>\$ 276,793</u>	<u>3</u>	<u>(\$ 102,130)</u>	<u>(1)</u>	<u>\$ 636,267</u>	<u>2</u>	<u>\$ 537,672</u>	<u>2</u>
Net profit, attributable to:									
Owners of the parent		\$ 257,118	3	\$ 148,058	1	\$ 695,709	2	\$ 338,557	1
Non-controlling interest		-	-	-	-	-	-	-	-
		<u>\$ 257,118</u>	<u>3</u>	<u>\$ 148,058</u>	<u>1</u>	<u>\$ 695,709</u>	<u>2</u>	<u>\$ 338,557</u>	<u>1</u>
Comprehensive income (loss) attributable to:									
Owners of the parent		\$ 276,793	3	(\$ 102,130)	(1)	\$ 636,267	2	\$ 537,672	2
Non-controlling interest		-	-	-	-	-	-	-	-
		<u>\$ 276,793</u>	<u>3</u>	<u>(\$ 102,130)</u>	<u>(1)</u>	<u>\$ 636,267</u>	<u>2</u>	<u>\$ 537,672</u>	<u>2</u>
Earnings per Share (in dollars)	6(23)								
Basic earnings per share		\$ 1.20		\$ 0.69		\$ 3.25		\$ 1.58	
Diluted earnings per share		\$ 1.18		\$ 0.69		\$ 3.18		\$ 1.58	

The accompanying notes are an integral part of these consolidated financial statements.

ZENITRON CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020
(Expressed in thousands of New Taiwan Dollars)
(UNAUDITED)

		Equity attributable to owners of the parent						
		Retained Earnings				Other Equity Interest		
						Exchange differences on translation of foreign financial statements	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	
	Notes	Share capital - common stock	Capital surplus	Legal reserve	Unappropriated retained earnings			Total equity
<u>Nine months ended September 30, 2020</u>								
		\$ 2,138,249	\$ 965,034	\$ 695,154	\$ 390,067	(\$ 90,671)	\$ 307,875	\$ 4,405,708
		-	-	-	338,557	-	-	338,557
	6(3)	-	-	-	-	(52,011)	251,126	199,115
		-	-	-	338,557	(52,011)	251,126	537,672
	6(16)							
		-	-	23,046	(23,046)	-	-	-
		-	-	-	(207,600)	-	-	(207,600)
		-	(6,300)	-	-	-	-	(6,300)
	6(3)	-	-	-	16,713	-	(16,713)	-
		\$ 2,138,249	\$ 958,734	\$ 718,200	\$ 514,691	(\$ 142,682)	\$ 542,288	\$ 4,729,480
<u>Nine months ended September 30, 2021</u>								
		\$ 2,138,249	\$ 958,734	\$ 718,200	\$ 643,662	(\$ 165,691)	\$ 508,404	\$ 4,801,558
		-	-	-	695,709	-	-	695,709
	6(3)	-	-	-	-	(60,180)	738	(59,442)
		-	-	-	695,709	(60,180)	738	636,267
	6(16)							
		-	-	48,424	(48,424)	-	-	-
		-	-	-	(406,300)	-	-	(406,300)
	6(12)	-	75,605	-	-	-	-	75,605
	6(3)	-	-	-	8,353	-	(8,353)	-
		\$ 2,138,249	\$ 1,034,339	\$ 766,624	\$ 893,000	(\$ 225,871)	\$ 500,789	\$ 5,107,130

The accompanying notes are an integral part of these consolidated financial statements.

ZENITRON CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTH PERIODS ENDED SEPTEMBER 30, 2021 AND 2020
(Expressed in thousands of New Taiwan Dollars)
(UNAUDITED)

		For the nine-month periods ended September 30		
		Notes	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax			\$ 836,405	\$ 393,425
Adjustments				
Adjustments to reconcile profit (loss)				
Net loss (gain) on financial assets at fair value through profit or loss	6(19)		3,928 (	51,428)
Expected credit (gain) loss	6(4)	(	9,679)	19,816
Depreciation and amortization	6(21)		52,060	53,498
Loss on disposal of property, plant and equipment	6(19)		210	10
Interest expense	6(20)		86,620	93,275
Interest income		(	1,960)	(5,109)
Dividend income	6(18)	(	20,570)	(26,676)
Changes in operating assets and liabilities				
Changes in operating assets				
Financial assets at fair value through profit or loss			618	96,594
Notes and accounts receivable		(	579,774)	(1,751,554)
Other receivables			21,285	6,140
Inventories		(	348,210)	(258,553)
Other current assets		(	88,248)	(40,098)
Changes in operating liabilities				
Notes and accounts payable		(	242,685)	(223,458)
Other payables			30,683	47,759
Other current liabilities			14,571	30,545
Other non-current liabilities		(	1,603)	(4,623)
Cash outflow generated from operations		(	246,349)	(1,620,437)
Interest received			1,960	5,109
Interest paid		(	87,054)	(96,612)
Income tax paid		(	41,651)	(59,422)
Net cash flows used in operating activities		(	373,094)	(1,771,362)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of financial assets at fair value through other comprehensive income		(	29,840)	(74)
Proceeds from capital reduction of financial assets at fair value through other comprehensive income			13,368	11,640
Proceeds from disposal of financial assets at fair value through other comprehensive income			13,571	25,892
Acquisition of property, plant and equipment	6(6)	(	3,297)	(7,250)
Proceeds from disposal of property, plant and equipment			72	283
Decrease (increase) in refundable deposits			2,119	(316)
Increase in other non-current assets		(	6,383)	(612)
Dividends received			20,570	26,676
Net cash flows from investing activities			10,180	56,239
CASH FLOWS FROM FINANCING ACTIVITIES				
(Decrease) increase in short-term loans	6(24)	(	123,156)	2,173,607
Increase in short-term notes and bills payable	6(24)		149,881	50,083
Payments of lease liabilities	6(24)	(	30,743)	(32,001)
Issuance of corporate bonds	6(24)		649,960	-
Payment of cash dividends	6(16)	(	406,300)	(213,900)
Net cash flows from financing activities			239,642	1,977,789
Effect of exchange rate changes		(	60,444)	(50,267)
Net (decrease) increase in cash and cash equivalents		(	183,716)	212,399
Cash and cash equivalents at beginning of period			1,676,223	1,198,560
Cash and cash equivalents at end of period		\$	1,492,507	\$ 1,410,959

The accompanying notes are an integral part of these consolidated financial statements.

ZENITRON CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
(UNAUDITED)

1. HISTORY AND ORGANISATION

Zenitron Corporation (the “Company”) was incorporated as a company limited by shares in October 1982. The Company has been listed on the Taiwan Stock Exchange and started trading since August 26, 2002. The Company and its subsidiaries (collectively referred herein as the “Group”) are primarily engaged in the sales of electrical components.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These consolidated financial statements were reported to the Board of Directors on November 8, 2021.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) as endorsed by the Financial Supervisory Commission (“FSC”)

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 4, ‘Extension of the temporary exemption from applying IFRS 9’	January 1, 2021
Amendments to 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: Earlier application from January 1, 2021 is allowed by the FSC.

Except for the following, the above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

Amendment to IFRS 16, ‘Covid-19-related rent concessions beyond 30 June 2021’

The amendment extends the application period of the practical expedient by one year to cover COVID-19-related rent concessions that reduce only lease payments originally due on or before June 30, 2022, provided that all specified conditions are met. The original amendment covered only lease payments originally due on or before June 30, 2021.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts - cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
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 policies'	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 above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2020, except for the compliance statement, basis of preparation, basis of consolidation and additional policies as set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

- A. The consolidated financial statements of the Group have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Accounting Standard 34, ‘Interim financial reporting’ as endorsed by the FSC.
- B. These consolidated financial statements are to be read in conjunction with the consolidated financial statements for the year ended December 31, 2020.

(2) Basis of preparation

- A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
- (a) Financial assets at fair value through profit or loss.
 - (b) Financial assets at fair value through other comprehensive income.
 - (c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements:
Basis for preparation of the current period financial statements and the 2020 consolidated financial statements is the same.
- B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiaries	Main business activities	Ownership (%)			Description
			September 30, 2021	December 31, 2020	September 30, 2020	
The Company	Supertronic International Corp. (Supertronic)	Investment business	100.00	100.00	100.00	Note 2
The Company	Yo-Teh Investment Corporation (Yo-Teh)	Investment business	100.00	100.00	100.00	Notes 1 and 2
The Company	Zenicom Corporation (Zenicom)	Sales of electronic components	100.00	100.00	100.00	Note 2
The Company	Zenitron (HK) Limited (Zenitron (HK))	Sales of electronic components	1.47	1.47	1.47	Note 2
Supertronic	Zenitron (HK)	Sales of electronic components	98.53	98.53	98.53	Note 2
Supertronic	Zenicom (HK) Limited (Zenicom (HK))	Sales of electronic components	100.00	100.00	100.00	Note 2
Zenitron (HK)	Zenitron (Shanghai) International Trading Co., Ltd. (Zenitron (Shanghai))	Sales of electronic components	100.00	100.00	100.00	Note 2

Name of investor	Name of subsidiaries	Main business activities	Ownership (%)			Description
			September 30, 2021	December 31, 2020	September 30, 2020	
Zenitron (HK)	Zenitron (Shenzhen) Technology Co., Ltd. (Zenitron (Shenzhen))	Sales of electronic components	100.00	100.00	100.00	Note 2
Zenitron (HK)	Shanghai Zenitron Electronic Trading Co., Ltd. (Shanghai Zenitron)	Sales of electronic components	100.00	100.00	100.00	Note 2
Zenitron (HK)	ZTHC (Shanghai) Co., Ltd. (ZTHC (Shanghai))	Sales of computer storage device, providing technical service and sales of related components	100.00	100.00	100.00	Note 2

Note 1: Yo-Teh, the subsidiary of the Company reduced its capital, which amounted to \$100,833 on June 30, 2020.

Note 2: The individual financial statements of the Company's consolidated subsidiaries as of September 30, 2021 and 2020 were not reviewed by independent auditors, except for Supertronic and Zenitron (HK), whose financial statements were reviewed by independent auditors.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Convertible bonds payable

Convertible bonds issued by the Group contain conversion options (that is, the bondholders have the right to convert the bonds into the Group's common shares by exchanging a fixed amount of cash for a fixed number of common shares) and call options. The Group classifies the bonds payable upon issuance as a financial asset, a financial liability in accordance with the contract terms. They are accounted for as follows:

A. The embedded call options are recognised initially at net fair value as 'financial assets or financial liabilities at fair value through profit or loss'. They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognised as 'gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss'.

B. The host contracts of bonds are initially recognised at the residual amount of the total issue price less the amount of financial assets or financial liabilities at fair value through profit or loss as stated above. Any difference between the initial recognition and the redemption value is accounted for as the premium on bonds payable and subsequently is amortised in profit or loss as an adjustment to the 'finance costs' over the period of circulation using the effective interest method.

- C. The embedded conversion options which meet the definition of an equity instrument are initially recognised in ‘capital surplus—share options’ at the residual amount of total issue price less the amount of financial assets or financial liabilities at fair value through profit or loss and bonds payable as stated above. Conversion options are not subsequently remeasured.
- D. Any transaction costs directly attributable to the issuance are allocated to each liability or equity component in proportion to the initial carrying amount of each abovementioned item.
- E. When bondholders exercise conversion options, the liability component of the bonds (including bonds payable and ‘financial assets or liabilities at fair value through profit or loss’) shall be remeasured on the conversion date. The issuance cost of converted common shares is the total book value of the abovementioned liability component and ‘capital surplus—share options’.

(5) Employee benefits

Pensions

Defined benefit plans

Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. Also, the related information is disclosed accordingly.

(6) Income tax

The interim period income tax expense is recognised based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

There was no significant change in the reporting period. Please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2020.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Cash on hand and revolving funds	\$ 307	\$ 944	\$ 712
Checking accounts and demand deposits	1,285,726	1,446,046	1,262,604
Time deposits	206,474	229,233	147,643
	<u>\$ 1,492,507</u>	<u>\$ 1,676,223</u>	<u>\$ 1,410,959</u>

- A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
- B. The Group has no cash and cash equivalents pledged to others.

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

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Current items			
Financial assets mandatorily measured at fair value through profit or loss			
Listed stocks	\$ 32,178	\$ 45,927	\$ 46,799
Emerging stocks	1,163	1,163	1,162
Financial assets designated at fair value through profit or loss			
Non-hedging derivatives-redemption of convertible bonds	60	-	-
	33,401	47,090	47,961
Valuation adjustment	(12,580)	(21,783)	(23,077)
	<u>\$ 20,821</u>	<u>\$ 25,307</u>	<u>\$ 24,884</u>

- A. The Group recognised net (loss) profit amounting to (\$2,195), \$4,331, (\$3,928) and \$51,428 on financial assets at fair value through profit or loss for the three months and nine months ended September 30, 2021 and 2020, respectively.
- B. The Group acquired disposal proceeds amounting to \$76,182 from disposing Fresco Logic Inc. in the second quarter of 2020. In accordance with the trading contract, part of the disposal proceeds amounting to US\$303 thousand will be set aside for any pending expenses, and the remaining amount will be received by the Group one year after the trade date. The Group received the remaining amount in the second quarter of 2021, which was recognised as gain on disposal and shown as other income.
- C. The Group has no financial assets at fair value through profit or loss pledged to others as collateral.
- D. Information relating to financial assets at fair value through profit or loss is provided in Note 12(3).

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

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Current items			
Equity instruments			
Listed stocks	\$ -	\$ 347,990	\$ 347,991
Emerging stocks	<u>2,462</u>	<u>2,462</u>	<u>2,462</u>
	2,462	350,452	350,453
Valuation adjustment	(<u>1,852</u>)	<u>508,404</u>	<u>542,288</u>
	<u>\$ 610</u>	<u>\$ 858,856</u>	<u>\$ 892,741</u>
Non-current items			
Equity instruments			
Listed stocks	\$ 342,772	\$ -	\$ -
Unlisted stocks	<u>111,265</u>	<u>95,894</u>	<u>96,978</u>
	454,037	95,894	96,978
Valuation adjustment	<u>502,641</u>	<u>-</u>	<u>-</u>
	<u>\$ 956,678</u>	<u>\$ 95,894</u>	<u>\$ 96,978</u>

- A. The Group has elected to classify stock investments with steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$957,288, \$954,750 and \$989,719 as at September 30, 2021, December 31, 2020 and September 30, 2020, respectively. Without considering any collateral held or other credit enhancements, until the end of the reporting period, the maximum credit risk in relation to the financial loss arising from unsatisfied performance obligation of the counterparties is the carrying amount of financial assets.
- B. Aiming to adjust strategic investments, the Group reclassified investments in equity instruments amounting to \$858,283 from current to non-current during the three months ended March 31, 2021, and sold stock investments at fair value amounting to \$13,571 and \$25,892 which resulted to a cumulative gain on disposal of \$8,353 and \$16,713 during the nine months ended September 30, 2021 and 2020, respectively.
- C. Amounts recognised in other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	<u>Three months ended September 30</u>	
	<u>2021</u>	<u>2020</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	\$ <u>27,876</u>	(\$ <u>227,393</u>)
Cumulative gains reclassified to retained earnings due to derecognition	\$ <u>-</u>	(\$ <u>4,237</u>)

		Nine months ended September 30	
		2021	2020
<u>Equity instruments at fair value through other comprehensive income</u>			
Fair value change recognised in other comprehensive income		\$ 738	\$ 251,126
Cumulative gains reclassified to retained earnings due to derecognition		(\$ 8,353)	(\$ 16,713)

D. The Group has no financial assets at fair value through other comprehensive income pledged to others as collateral.

E. Information relating to fair value of financial assets at fair value through other comprehensive income is provided in Note 12(3).

(4) Notes and accounts receivable

	September 30, 2021	December 31, 2020	September 30, 2020
Notes receivable	\$ 279,242	\$ 220,785	\$ 194,310
Accounts receivable	\$ 9,769,510	\$ 9,255,767	\$ 8,806,103
Less: Allowance for uncollectible accounts	(91,854)	(109,107)	(116,770)
	<u>\$ 9,677,656</u>	<u>\$ 9,146,660</u>	<u>\$ 8,689,333</u>

A. The Group uses historical experience and takes into consideration the customers' historical default records, current financial conditions and economic conditions of the industry to estimate expected loss rate in recognising loss allowance. In addition, the Group provides for adequate allowance for uncollectible accounts from individual customers where there is an indication that they are impaired based on specific identification or a credit impairment actually occurred and the customers did not provide any collateral.

B. The ageing analysis of accounts 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 past due	\$ 9,268,659	\$ 279,242	\$ 8,688,643	\$ 220,785	\$ 8,353,878	\$ 194,310
Up to 30 days	316,384	-	301,830	-	292,718	-
31 to 90 days	107,366	-	187,497	-	63,180	-
Over 90 days	77,101	-	77,797	-	96,327	-
	<u>\$ 9,769,510</u>	<u>\$ 279,242</u>	<u>\$ 9,255,767</u>	<u>\$ 220,785</u>	<u>\$ 8,806,103</u>	<u>\$ 194,310</u>

The above ageing analysis was based on past due date.

C. The Group applies the simplified approach using the provision matrix based on the loss rate methodology to estimate expected credit loss.

D. The Group adjusts historical and timely information to assess the default possibility of accounts receivable, contract assets and lease payments receivable. On September 30, 2021, December 31, 2020 and September 30, 2020, the loss rate methodology and provision matrix are as follows:

	<u>Not past due</u>	<u>Up to 30 days past due</u>	<u>31~90 days past due</u>	<u>Over 90 days past due</u>	<u>Total</u>
<u>September 30, 2021</u>					
Expected loss rate	0.11%-0.54%	0.11%-2.5%	0.11%-100%	0.11%-100%	
Total accounts receivable	<u>\$ 9,268,659</u>	<u>\$ 316,384</u>	<u>\$ 107,366</u>	<u>\$ 77,101</u>	<u>\$ 9,769,510</u>
	<u>Not past due</u>	<u>Up to 30 days past due</u>	<u>31~90 days past due</u>	<u>Over 90 days past due</u>	<u>Total</u>
<u>December 31, 2020</u>					
Expected loss rate	0.11%-0.44%	0.11%-2.5%	0.11%-100%	0.11%-100%	
Total accounts receivable	<u>\$ 8,688,643</u>	<u>\$ 301,830</u>	<u>\$ 187,497</u>	<u>\$ 77,797</u>	<u>\$ 9,255,767</u>
	<u>Not past due</u>	<u>Up to 30 days past due</u>	<u>31~90 days past due</u>	<u>Over 90 days past due</u>	<u>Total</u>
<u>September 30, 2020</u>					
Expected loss rate	0.11%-0.44%	0.11%-2.5%	0.11%-100%	0.11%-100%	
Total accounts receivable	<u>\$ 8,353,878</u>	<u>\$ 292,718</u>	<u>\$ 63,180</u>	<u>\$ 96,327</u>	<u>\$ 8,806,103</u>

E. Movements in relation to the Group applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	<u>2021</u>	<u>2020</u>
	<u>Accounts receivable</u>	<u>Accounts receivable</u>
At January 1	\$ 109,107	\$ 97,944
Provision for impairment loss	-	19,816
Reversal of impairment loss	(9,679)	-
Transfers to overdue receivables	(6,838)	-
Write-offs	-	(486)
Effect of foreign exchange	(736)	(504)
At September 30	<u>\$ 91,854</u>	<u>\$ 116,770</u>

F. As of September 30, 2021, December 31, 2020, September 30, 2020 and January 1, 2020, the balances of receivables (including notes receivable) from contracts with customers amounted to \$10,048,752, \$9,476,552, \$9,000,413 and \$7,249,849, respectively. Without considering any collateral held or other credit enhancements, until the end of the reporting period, the maximum credit risk in relation to the financial loss arising from unsatisfied performance obligation of the counterparties is the carrying amount of financial assets.

G. Transferred financial assets that are derecognised in their entirety

The Group entered into a factoring agreement with financial institutions to sell its accounts receivable. Under the agreement, the Group is not obligated to bear the default risk of the accounts receivable but is liable for the losses incurred on any business dispute. The Group meets the condition of financial assets derecognition as it did not provide other collaterals except for issuing a promissory note equal to the facility as the collateral. The Group does not have any continuing involvement in the transferred accounts receivable. Thus, the Group derecognised the transferred accounts receivable, and the related information is as follows:

September 30, 2021					
Purchaser of accounts receivable	Accounts receivable transferred (amount derecognised)	Amount advanced	Amount available for advance	Interest rate of amount advanced	
Chang Hwa Bank	\$ 1,506,328	\$ 1,506,328	\$ -	0.8%~0.93%	
Bank SinoPac	278,996	278,996	-	0.8%~0.93%	

December 31, 2020					
Purchaser of accounts receivable	Accounts receivable transferred	Amount derecognised	Amount advanced	Amount available for advance	Interest rate of amount advanced
Chang Hwa Bank	\$ 1,564,867	\$ 1,564,867	\$ 1,564,867	\$ -	0.94%~1.16%
Bank SinoPac	217,716	206,831	206,831	10,885	0.94%~1.16%

September 30, 2020					
Purchaser of accounts receivable	Accounts receivable transferred	Amount derecognised	Amount advanced	Amount available for advance	Interest rate of amount advanced
Chang Hwa Bank	\$ 2,035,053	\$ 2,035,053	\$ 2,035,053	\$ -	0.93%~1.22%
Bank SinoPac	178,459	168,675	168,675	9,784	0.93%~1.22%

H. Transferred financial assets that are not derecognised in their entirety

- (a) The Group entered into a factoring agreement with Chang Hwa Bank to sell its accounts receivable. Under the agreement, the Group transferred the entire accounts receivable and is obligated to provide partial guarantees for the default risk of the transferred accounts receivable. Therefore, the Group did not derecognise these accounts receivable. Related advance payments are recorded under short-term borrowings. As of December 31, 2020, the related information on accounts receivable that were sold but had not reached maturity is as follows:

	December 31, 2020
Accounts receivable transferred	\$ 427,312
Amount advanced	USD 15,000 thousand

- (b) There were no transferred financial assets that are not derecognised in their entirety on September 30, 2021 and 2020.

I. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(5) Inventories

September 30, 2021			
	Cost	Allowance for valuation loss	Book value
Merchandise inventories	\$ 6,958,659	(\$ 509,552)	\$ 6,449,107
Inventories in transit	276,615	-	276,615
	<u>\$ 7,235,274</u>	<u>(\$ 509,552)</u>	<u>\$ 6,725,722</u>

December 31, 2020			
	Cost	Allowance for valuation loss	Book value
Merchandise inventories	\$ 6,233,422	(\$ 412,900)	\$ 5,820,522
Inventories in transit	556,990	-	556,990
	<u>\$ 6,790,412</u>	<u>(\$ 412,900)</u>	<u>\$ 6,377,512</u>

September 30, 2020			
	Cost	Allowance for valuation loss	Book value
Merchandise inventories	\$ 4,553,386	(\$ 373,547)	\$ 4,179,839
Inventories in transit	263,385	-	263,385
	<u>\$ 4,816,771</u>	<u>(\$ 373,547)</u>	<u>\$ 4,443,224</u>

The cost of inventories recognised as expense for the period:

Three months ended September 30			
	2021	2020	
Cost of goods sold	\$ 10,150,519	\$ 10,322,462	
Loss on decline in market value	60,496	27,030	
	<u>\$ 10,211,015</u>	<u>\$ 10,349,492</u>	

Nine months ended September 30			
	2021	2020	
Cost of goods sold	\$ 29,749,027	\$ 23,014,430	
Loss on decline in market value	103,169	46,113	
	<u>\$ 29,852,196</u>	<u>\$ 23,060,543</u>	

(6) Property, plant and equipment

	Land	Buildings and structures	Transportation equipment	Office equipment	Total
<u>At January 1, 2021</u>					
Cost	\$ 252,592	\$ 409,175	\$ 51,828	\$ 113,366	\$ 826,961
Accumulated depreciation	-	(264,545)	(31,918)	(90,494)	(386,957)
	<u>\$ 252,592</u>	<u>\$ 144,630</u>	<u>\$ 19,910</u>	<u>\$ 22,872</u>	<u>\$ 440,004</u>
<u>2021</u>					
Opening net book amount as at January 1	\$ 252,592	\$ 144,630	\$ 19,910	\$ 22,872	\$ 440,004
Additions	-	-	-	3,297	3,297
Disposals	-	-	(184)	(98)	(282)
Depreciation charge	-	(5,149)	(3,830)	(7,224)	(16,203)
Net exchange differences	-	(761)	(62)	(208)	(1,031)
Closing net book amount as at September 30	<u>\$ 252,592</u>	<u>\$ 138,720</u>	<u>\$ 15,834</u>	<u>\$ 18,639</u>	<u>\$ 425,785</u>
<u>At September 30, 2021</u>					
Cost	\$ 252,592	\$ 407,903	\$ 48,963	\$ 113,991	\$ 823,449
Accumulated depreciation	-	(269,183)	(33,129)	(95,352)	(397,664)
	<u>\$ 252,592</u>	<u>\$ 138,720</u>	<u>\$ 15,834</u>	<u>\$ 18,639</u>	<u>\$ 425,785</u>
	Land	Buildings and structures	Transportation equipment	Office equipment	Total
<u>At January 1, 2020</u>					
Cost	\$ 252,592	\$ 408,193	\$ 52,602	\$ 110,365	\$ 823,752
Accumulated depreciation	-	(256,041)	(35,212)	(83,299)	(374,552)
	<u>\$ 252,592</u>	<u>\$ 152,152</u>	<u>\$ 17,390</u>	<u>\$ 27,066</u>	<u>\$ 449,200</u>
<u>2020</u>					
Opening net book amount as at January 1	\$ 252,592	\$ 152,152	\$ 17,390	\$ 27,066	\$ 449,200
Additions	-	-	3,270	3,980	7,250
Disposals	-	-	(200)	(93)	(293)
Depreciation charge	-	(6,081)	(3,823)	(7,372)	(17,276)
Net exchange differences	-	(407)	(26)	(159)	(592)
Closing net book amount as at September 30	<u>\$ 252,592</u>	<u>\$ 145,664</u>	<u>\$ 16,611</u>	<u>\$ 23,422</u>	<u>\$ 438,289</u>
<u>At September 30, 2020</u>					
Cost	\$ 252,592	\$ 407,589	\$ 50,590	\$ 112,094	\$ 822,865
Accumulated depreciation	-	(261,925)	(33,979)	(88,672)	(384,576)
	<u>\$ 252,592</u>	<u>\$ 145,664</u>	<u>\$ 16,611</u>	<u>\$ 23,422</u>	<u>\$ 438,289</u>

(7) Lease arrangements – lessee

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Right-of-use assets:			
Buildings and structures	\$ <u>69,980</u>	\$ <u>98,306</u>	\$ <u>83,411</u>
Lease liabilities:			
Current	\$ 42,314	\$ 40,234	\$ 33,270
Non-current	<u>29,911</u>	<u>59,073</u>	<u>50,148</u>
	\$ <u>72,225</u>	\$ <u>99,307</u>	\$ <u>83,418</u>

- A. The Group leases various assets including buildings. Rental contracts are typically made for periods of 1 to 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. Short-term leases with a lease term of 12 months or less comprise transportation equipment, buildings and structures. Low-value assets comprise office equipment. Right-of-use assets and lease liabilities were not recognised for these leases.
- C. The depreciation charges on right-of-use assets are as follows:

	<u>Three months ended September 30</u>	
	<u>2021</u>	<u>2020</u>
Buildings and structures	\$ <u>10,712</u>	\$ <u>10,847</u>
	<u>Nine months ended September 30</u>	
	<u>2021</u>	<u>2020</u>
Buildings and structures	\$ <u>32,272</u>	\$ <u>32,612</u>

- D. For the three months and nine months ended September 30, 2021 and 2020, the additions (deductions) to right-of-use assets were (\$4), (\$1,406), \$5,887, \$94,253, respectively.
- E. Except for the depreciation charge, the information on profit or loss in relation to lease contracts is as follows:

	<u>Three months ended September 30</u>	
	<u>2021</u>	<u>2020</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 773	\$ 723
Expense on short-term leases and leases of low-value assets	3,997	3,902

	Nine months ended September 30	
	2021	2020
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 2,640	\$ 1,238
Expense on short-term leases and leases of low-value assets	10,380	11,110

F. For the three months and nine months ended September 30, 2021 and 2020, the Group's total cash outflow for leases were \$15,032, \$14,703, \$43,763 and \$44,349, respectively.

G. The Group has applied the practical expedient to "Covid-19-related rent concessions", and recognised the gain from changes in lease payments arising from the rent concessions amounting to \$131 and \$1,240 by increasing other income for the nine months ended September 30, 2021 and 2020, respectively.

(8) Lease arrangements—lessor

For the three months and nine months ended September 30, 2021 and 2020, the Group recognised rent income in the amounts of \$1,829, \$1,718, \$5,404 and \$5,157, respectively, based on the operating lease agreement, which does not include variable lease payments.

(9) Investment property

	Land	Buildings and structures	Total
<u>January 1, 2021</u>			
Cost	\$ 32,466	\$ 29,941	\$ 62,407
Accumulated depreciation and impairment	(15,410)	(9,961)	(25,371)
	<u>\$ 17,056</u>	<u>\$ 19,980</u>	<u>\$ 37,036</u>
<u>2021</u>			
Opening net book amount as at January 1	\$ 17,056	\$ 19,980	\$ 37,036
Depreciation charge	-	(408)	(408)
Closing net book amount as at September 30	<u>\$ 17,056</u>	<u>\$ 19,572</u>	<u>\$ 36,628</u>
<u>September 30, 2021</u>			
Cost	\$ 32,466	\$ 29,941	\$ 62,407
Accumulated depreciation and impairment	(15,410)	(10,369)	(25,779)
	<u>\$ 17,056</u>	<u>\$ 19,572</u>	<u>\$ 36,628</u>

	Land	Buildings and structures	Total
<u>January 1, 2020</u>			
Cost	\$ 32,466	\$ 29,941	\$ 62,407
Accumulated depreciation and impairment	(15,410)	(9,418)	(24,828)
	<u>\$ 17,056</u>	<u>\$ 20,523</u>	<u>\$ 37,579</u>
<u>2020</u>			
Opening net book amount as at January 1	\$ 17,056	\$ 20,523	\$ 37,579
Depreciation charge	-	(407)	(407)
Closing net book amount as at September 30	<u>\$ 17,056</u>	<u>\$ 20,116</u>	<u>\$ 37,172</u>
<u>September 30, 2020</u>			
Cost	\$ 32,466	\$ 29,941	\$ 62,407
Accumulated depreciation and impairment	(15,410)	(9,825)	(25,235)
	<u>\$ 17,056</u>	<u>\$ 20,116</u>	<u>\$ 37,172</u>

A. Rental income from investment property and direct operating expenses arising from investment property are shown below:

	Three months ended September 30	
	2021	2020
Rental revenue from investment property	<u>\$ 674</u>	<u>\$ 636</u>
Direct operating expenses arising from the investment property that generated rental income during the period	<u>\$ 136</u>	<u>\$ 135</u>
	Nine months ended September 30	
	2021	2020
Rental revenue from investment property	<u>\$ 1,955</u>	<u>\$ 1,909</u>
Direct operating expenses arising from the investment property that generated rental income during the period	<u>\$ 408</u>	<u>\$ 407</u>

B. The fair value of the investment property held by the Group was \$90,460, \$95,101 and \$106,069 as of September 30, 2021, December 31, 2020 and September 30, 2020, respectively, which were based on the trading prices of nearby areas.

C. Refer to Note 8 for further information on investment property pledged to others as collateral.

(10) Short-term borrowings

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Unsecured borrowings	\$ <u>8,544,947</u>	\$ <u>8,668,103</u>	\$ <u>7,685,915</u>
Interest rate range	0.54%~4.2%	0.64%~4.25%	0.67%~4.79%

A. For the three months and nine months ended September 30, 2021 and 2020, the interest expense recognised in profit or loss amounted to \$23,071, \$20,073, \$73,108 and \$84,001, respectively.

B. As of September 30, 2021, December 31, 2020 and September 30, 2020, the Group provided collaterals for the financing facility of short-term borrowings and issued guaranteed notes as collateral in the amount of \$16,351,636, \$15,271,888 and \$15,240,899, respectively.

(11) Short-term notes and bills payable

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Short-term notes and bills payable	\$ 700,000	\$ 550,000	\$ 550,000
Discount on short-term notes and bills payable	(<u>613</u>)	(<u>494</u>)	(<u>436</u>)
	\$ <u>699,387</u>	\$ <u>549,506</u>	\$ <u>549,564</u>
Coupon rate	0.8%~1.2%	1%~1.2%	1%~1.2%

The abovementioned commercial paper was secured by financial institutions.

(12) Bonds payable

	<u>September 30, 2021</u>
Bonds payable	\$ 600,000
Less: Discount on bonds payable	(<u>24,260</u>)
	\$ <u>575,740</u>

The Company had no bonds payable as of December 31, 2020 and September 30, 2020.

A. The issuance of domestic convertible bonds by the Company

(a) The terms of the fourth domestic unsecured convertible bonds issued by the Company are as follows

- i. The Company issued \$600,000, 0% fourth domestic unsecured convertible bonds, as approved by the regulatory authority. The bonds mature three years from the issue date (August 3, 2021~ August 3, 2024) and will be redeemed in cash at face value at the maturity date. The bonds were listed on the Taipei Exchange on August 3, 2021.
- ii. The bondholders have the right to ask for conversion of the bonds into common shares of the Company during the period from the date after three months of the bonds issue (November 4, 2021) to 40 days before the maturity date (June 24, 2024), except for the stop transfer period as specified in the terms of the bonds or the laws/regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.

- iii. The conversion price of the bonds is set up based on the pricing model in the terms of the bonds, and the conversion price is \$29.
 - iv. The Company may repurchase all the bonds outstanding in cash at the bonds' face value at any time after the following events occur: (i) the closing price of the Company common shares is above the then conversion price by 30% for 30 consecutive trading days during the period from the date after three months of the bonds issue (November 4, 2021) to 40 days before the maturity date (June 24, 2024), or (ii) the outstanding balance of the bonds is less than 10% of the total initial issue amount during the period from the date after three months of the bonds issue to 40 days before the maturity date.
 - v. Under the terms of the bonds, all bonds redeemed (including bonds repurchased from the Taipei Exchange), matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished.
- (b) As of September 30, 2021, there were no convertible bonds converted to ordinary shares and no corporate bonds repurchased.
- B. Regarding the issuance of convertible bonds, the equity conversion options of the fourth domestic unsecured convertible bonds amounting to \$75,605 as of September 30, 2021 were separated from the liability component and were recognised in 'capital surplus—share options' in accordance with IAS 32. The call options embedded in bonds payable were separated from their host contracts and were recognised in 'financial assets at fair value through profit or loss' in net amount in accordance with IFRS 9 because the economic characteristics and risks of the embedded derivatives were not closely related to those of the host contracts.

(13) Pensions

- A. (a) The Group has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. 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, the trustee, under the name of the independent retirement fund committee.
- (b) The pension costs under the defined benefit pension plan of the Group for the three months and nine months ended September 30, 2021 and 2020 were \$49, \$114, \$147 and \$342, respectively.
- (c) Expected contributions to the defined benefit pension plan of the Group for the year ending December 31, 2021 amount to \$180.

- B. (a) Effective July 1, 2005, the Group has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Group contributes monthly an amount not lower than 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. The pension costs under the defined contribution pension plan of the Group for the three months and nine months ended September 30, 2021 and 2020 were \$3,939, \$3,590, \$11,764 and \$10,853, respectively.
- (b) The overseas subsidiaries, Zenitron (HK) Limited, Zenitron (Shanghai) International Trading Co., Ltd, Zenitron (Shenzhen) Technology Co. Ltd., ZTHC (Shanghai) Co., Ltd., and Shanghai Zenitron Electronic Trading Co., Ltd, have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the local pension regulations are based on a certain percentage of employees’ monthly salaries and wages. Other than the monthly contributions, aforementioned companies have no further obligations. For the three months and nine months ended September 30, 2021 and 2020, the amount of pension expenses that were recognised were \$8,036, \$310, \$23,491 and \$3,339, respectively.
- C. The overseas subsidiaries, Supertronic International Corp., Zenicom (HK) Limited and domestic subsidiaries, Yo-Teh Investment Corporation, have no employees, thus, they have no pension plan.

(14) Share capital

- A. As of September 30, 2021, the Company’s authorised capital was \$3,500,000, consisting of 350 million shares of ordinary stock (including 20 million shares reserved for employee stock options), and the paid-in capital was \$2,138,249 with a par value of \$10 (in dollars) per share.
- B. As of September 30, 2021 and 2020, the beginning and ending number of outstanding shares were both 213,825 thousand shares.

(15) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. However, capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(16) Retained earnings

- A. In accordance with the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve, and setting aside or reversal of special reserve in accordance with related laws, if any. The remaining earnings are the distributable earnings for the year.
- B. Dividend policy:
- (a) The distribution of dividends shall be above 50% of the current year's distributable earnings and the cash dividends distributed shall not be lower than 20% of the current actual earnings distributed.
- (b) The Board of Directors is authorised to distribute all or part of the dividends and bonus in cash through a resolution adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors which shall be reported to the shareholders during their meeting.
- (c) When the Company has no deficit, the Board of Directors is authorised to distribute all or part of the legal reserve (for the part that exceeds 25% of paid-in capital) and capital surplus if it meets the requirements under the Company Act in cash through a resolution adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors which shall be reported to the shareholders during their meeting.
- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- E. The appropriations of 2020 and 2019 earnings as resolved by the shareholders on July 5, 2021 and June 12, 2020, respectively, are as follows:
- (a) The distribution of 2020 and 2019 earnings were as follows:

	2020		2019	
	Amount	Dividend per share and cash distributed	Amount	Dividend per share and cash distributed
Legal surplus	\$ 48,424		\$ 23,046	
Cash dividends	406,300	\$ 1.90	207,600	\$ 0.9708
	<u>\$ 454,724</u>		<u>\$ 230,646</u>	

(b) For the year ended December 31, 2019, the cash payment from capital surplus was \$0.0294 per share, totaling \$6,300.

(17) Operating revenue

	Three months ended September 30	
	2021	2020
Revenue from contracts with customers	\$ 10,892,812	\$ 10,789,823

	Nine months ended September 30	
	2021	2020
Revenue from contracts with customers	\$ 31,732,736	\$ 24,222,201

The Group derives revenue from the transfer of goods at a point in time in the following geographical regions:

Three months ended September 30, 2021	China	Taiwan	Others	Total
Revenue from external customer contracts	\$ 9,565,937	\$ 1,015,965	\$ 310,910	\$ 10,892,812

Three months ended September 30, 2020	China	Taiwan	Others	Total
Revenue from external customer contracts	\$ 9,744,207	\$ 797,465	\$ 248,151	\$ 10,789,823

Nine months ended September 30, 2021	China	Taiwan	Others	Total
Revenue from external customer contracts	\$ 28,076,280	\$ 2,855,012	\$ 801,444	\$ 31,732,736

Nine months ended September 30, 2020	China	Taiwan	Others	Total
Revenue from external customer contracts	\$ 21,100,596	\$ 2,522,813	\$ 598,792	\$ 24,222,201

(18) Other income

	Three months ended September 30	
	2021	2020
Rent income	1,829	1,718
Advertising income	3,016	4,855
Dividend income	20,570	26,676
Other income	990	724
	<u>\$ 26,405</u>	<u>\$ 33,973</u>

	Nine months ended September 30	
	2021	2020
Rent income	5,404	5,157
Advertising income	9,205	9,233
Dividend income	20,570	26,676
Other income	12,991	13,192
	<u>\$ 48,170</u>	<u>\$ 54,258</u>

(19) Other gains and losses

	Three months ended September 30	
	2021	2020
Foreign exchange gains	\$ 16,295	\$ 34,373
(Losses) gains on financial assets at fair value through profit or loss	(2,195)	4,331
Others	(744)	(4)
	<u>\$ 13,356</u>	<u>\$ 38,700</u>
	Nine months ended September 30	
	2021	2020
Foreign exchange gains	\$ 55,655	\$ 49,054
(Losses) gains on financial assets at fair value through profit or loss	(3,928)	51,428
Others	(1,053)	(92)
	<u>\$ 50,674</u>	<u>\$ 100,390</u>

(20) Finance costs

	Three months ended September 30	
	2021	2020
Interest expense	\$ 23,071	\$ 20,073
Convertible bonds	1,325	-
Other interest expense	4,419	3,419
	<u>\$ 28,815</u>	<u>\$ 23,492</u>

	Nine months ended September 30	
	2021	2020
Interest expense	\$ 73,108	\$ 84,001
Convertible bonds	1,325	-
Other interest expense	12,187	9,274
	<u>\$ 86,620</u>	<u>\$ 93,275</u>

(21) Expenses by nature

	Three months ended September 30	
	2021	2020
Employee benefit expense		
Salary expenses	\$ 225,280	\$ 151,217
Labour and health insurance fees	12,154	9,593
Pension costs	12,024	4,014
Other personnel expenses	8,816	8,987
	<u>258,274</u>	<u>173,811</u>
Depreciation	15,967	16,665
Amortisation	1,124	1,021
	<u>\$ 275,365</u>	<u>\$ 191,497</u>

	Nine months ended September 30	
	2021	2020
Employee benefit expense		
Salary expenses	\$ 578,958	\$ 451,767
Labour and health insurance fees	34,342	26,393
Pension costs	35,402	14,534
Other personnel expenses	26,365	23,937
	<u>675,067</u>	<u>516,631</u>
Depreciation	48,883	50,295
Amortisation	3,177	3,203
	<u>\$ 727,127</u>	<u>\$ 570,129</u>

- A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall be 3%~12% for employees' compensation and shall not be higher than 3% for directors' remuneration.

- B. The Company's directors' remuneration and employees' compensation accounted as operating expenses were as follows:

	Three months ended September 30	
	2021	2020
Directors' remuneration	\$ 6,000	\$ 5,000
Employees' compensation	10,000	6,000
	<u>\$ 16,000</u>	<u>\$ 11,000</u>

	Nine months ended September 30	
	2021	2020
Directors' remuneration	\$ 16,000	\$ 9,000
Employees' compensation	25,000	13,000
	<u>\$ 41,000</u>	<u>\$ 22,000</u>

- C. For the nine months ended September 30, 2021, the employees' compensation and directors' remuneration were estimated and accrued based on a certain percentage of distributable profit of current year as of the end of reporting period.
- D. The employees' compensation of \$18,000 and directors' remuneration of \$15,000 for 2020 were resolved by the Board of Directors and were in agreement with those amounts recognised in the 2020 financial statements.
- E. Information about employees' compensation and directors' remuneration of the Company as resolved at the meeting of the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(22) Income taxes

- A. Income tax expense

	Three months ended September 30	
	2021	2020
Current tax:		
Current tax on profit for the period	\$ 41,594	\$ 26,943
Deferred tax:		
Origination and reversal of temporary differences	4,401	(6,348)
Income tax expense	<u>\$ 45,995</u>	<u>\$ 20,595</u>

	Nine months ended September 30	
	2021	2020
Current tax:		
Current tax on profit for the period	\$ 134,189	\$ 64,801
Deferred tax:		
Origination and reversal of temporary differences	6,507	(9,933)
Income tax expense	<u>\$ 140,696</u>	<u>\$ 54,868</u>

B. The Company's income tax returns through 2017 and 2019 have been assessed and approved by the Tax Authority.

C. Domestic subsidiaries' income tax returns through 2019 have been assessed and approved by the Tax Authority.

(23) Earnings per share

Three months ended September 30, 2021			
	Profit after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 257,118	213,825	\$ 1.20
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 257,118	213,825	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation		865	
Convertible bonds	1,060	4,471	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 258,178	219,161	\$ 1.18
Three months ended September 30, 2020			
	Profit after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 148,058	213,825	\$ 0.69
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 148,058	213,825	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	650	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 148,058	214,475	\$ 0.69

Nine months ended September 30, 2021			
	Profit after tax	Weighted average number of outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 695,709	213,825	\$ 3.25
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 695,709	213,825	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	1,064	
Convertible bonds	1,060	4,471	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 696,769	219,360	\$ 3.18

Nine months ended September 30, 2020			
	Profit after tax	Weighted average number of outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 338,557	213,825	\$ 1.58
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 338,557	213,825	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	819	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 338,557	214,644	\$ 1.58

(24) Changes in liabilities from financing activities

	Short-term borrowings	Short-term notes and bills payable	Bonds payable	Lease liabilities	Liabilities from financing activities-gross
January 1, 2021	\$ 8,668,103	\$ 549,506	\$ -	\$ 99,307	\$ 9,316,916
Changes in cash flow from financing activities	(123,156)	149,881	649,960	(30,743)	645,942
Changes in other non-cash items	-	-	(74,220)	3,661	(70,559)
September 30, 2021	<u>\$ 8,544,947</u>	<u>\$ 699,387</u>	<u>\$ 575,740</u>	<u>\$ 72,225</u>	<u>\$ 9,892,299</u>

	Short-term borrowings	Short-term notes and bills payable	Lease liabilities	Liabilities from financing activities-gross
January 1, 2020	\$ 5,512,308	\$ 499,481	\$ 21,715	\$ 6,033,504
Changes in cash flow from financing activities	2,173,607	50,083	(32,001)	2,191,689
Changes in other non-cash items	-	-	93,704	93,704
September 30, 2020	<u>\$ 7,685,915</u>	<u>\$ 549,564</u>	<u>\$ 83,418</u>	<u>\$ 8,318,897</u>

(25) Seasonality of operations

Due to the seasonal nature of the 3C electronic channel, higher revenues and operating profits are usually expected in the second half of the year as compared to the first six months.

7. RELATED PARTY TRANSACTIONS

Key management compensation

	Three months ended September 30	
	2021	2020
Salaries and other short-term employee benefits	<u>\$ 13,478</u>	<u>\$ 11,363</u>
	Nine months ended September 30	
	2021	2020
Salaries and other short-term employee benefits	<u>\$ 47,777</u>	<u>\$ 30,432</u>

8. PLEDGED ASSETS

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

Pledged assets	Book value			Purpose
	September 30, 2021	December 31, 2020	September 30, 2020	
Accounts receivable, net:				
Accounts receivable as collateral	\$ -	\$ 427,312	\$ -	Short-term borrowings
Investment property	2,886	2,945	2,964	Short-term borrowings
Guarantee deposits paid (shown as 'other non-current assets')	10,000	10,000	10,000	Court deposits
	<u>\$ 12,886</u>	<u>\$ 440,257</u>	<u>\$ 12,964</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

As of September 30, 2021, other significant commitments were as follows:

As a requirement for the release of imported goods before duty and customs clearance, the Group has applied for customs guarantee with certain banks in the amount of \$20,000.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital risk management

There was no significant change in the reporting period. Please refer to Note 12 in the consolidated financial statements for the year ended December 31, 2020.

(2) Financial instruments

A. Financial instruments by category

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
<u>Financial assets</u>			
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	\$ 20,761	\$ 25,307	\$ 24,884
Financial assets designated as at fair value through profit or loss	60	-	-
	<u>\$ 20,821</u>	<u>\$ 25,307</u>	<u>\$ 24,884</u>
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	<u>\$ 957,288</u>	<u>\$ 954,750</u>	<u>\$ 989,719</u>
Financial assets at amortised cost / receivables			
Cash and cash equivalents	\$ 1,492,507	\$ 1,676,223	\$ 1,410,959
Notes receivable	279,242	220,785	194,310
Accounts receivable	9,677,656	9,146,660	8,689,333
Other receivables	75,191	100,253	80,705
Guarantee deposits paid (shown as 'other non-current assets')	55,462	57,581	56,759
	<u>\$ 11,580,058</u>	<u>\$ 11,201,502</u>	<u>\$ 10,432,066</u>

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
<u>Financial liabilities</u>			
Financial liabilities at amortised cost			
Short-term borrowings	\$ 8,544,947	\$ 8,668,103	\$ 7,685,915
Short-term notes and bills payable	699,387	549,506	549,564
Notes payable	3,791	2,528	4,197
Accounts payable	4,159,353	4,403,301	2,961,186
Other accounts payable	476,146	447,222	369,366
Bonds payable	575,740	-	-
Guarantee deposits received (shown as 'other non-current liabilities')	3,126	3,139	3,159
	<u>\$ 14,462,490</u>	<u>\$ 14,073,799</u>	<u>\$ 11,573,387</u>
Lease liabilities	<u>\$ 72,225</u>	<u>\$ 99,307</u>	<u>\$ 83,418</u>

B. Financial risk management policies

There was no significant change in the reporting period. Please refer to Note 12 in the consolidated financial statements for the year ended December 31, 2020.

C. Significant financial risks and degrees of financial risks

There was no significant change in the reporting period. Please refer to Note 12 in the consolidated financial statements for the year ended December 31, 2020, except for the items explained below:

(a) Market risk

Foreign exchange risk

- i. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: USD, RMB and HKD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

September 30, 2021

(Foreign currency: functional currency)	Sensitivity analysis					
	Foreign currency amount	Exchange	Book value	Degree	Effect on	Effect on
	(In thousands)	rate	(In thousands of NTD)	of variation	profit or loss	other comprehensive income
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	\$ 220,521	27.80	\$ 6,130,484	1%	\$ 61,305	\$ -
JPY:NTD	314,667	0.25	78,667	1%	787	-
RMB:NTD	55,755	4.28	238,631	1%	2,386	-
USD:HKD (Note)	233,964	7.78	6,504,199	1%	65,042	-
JPY:HKD (Note)	79,876	0.07	19,969	1%	200	-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	\$ 256,837	27.90	\$ 7,165,752	1%	\$ 71,658	\$ -
JPY:NTD	154,582	0.25	38,646	1%	386	-
USD:HKD (Note)	165,203	7.78	4,609,164	1%	46,092	-
USD:RMB (Note)	7,720	6.49	215,388	1%	2,154	-
JPY:HKD (Note)	44,437	0.07	11,109	1%	111	-

December 31, 2020

(Foreign currency: functional currency)	Sensitivity analysis					
	Foreign currency amount	Exchange	Book value	Degree	Effect on	Effect on
	(In thousands)	rate	(In thousands of NTD)	of variation	profit or loss	other comprehensive income
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	\$ 199,209	28.43	\$ 5,663,512	1%	\$ 56,635	\$ -
JPY:NTD	230,186	0.27	62,150	1%	622	-
RMB:NTD	55,091	4.35	239,646	1%	2,396	-
USD:HKD (Note)	233,273	7.76	6,631,961	1%	66,320	-
JPY:HKD (Note)	63,162	0.08	17,054	1%	171	-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	\$ 281,890	28.53	\$ 8,042,322	1%	\$ 80,423	\$ -
JPY:NTD	53,597	0.28	15,007	1%	150	-
USD:HKD (Note)	160,790	7.76	4,587,339	1%	45,873	-
USD:RMB (Note)	7,175	6.52	204,703	1%	2,047	-
JPY:HKD (Note)	46,403	0.08	12,993	1%	130	-

September 30, 2020						
(Foreign currency: functional currency)				Sensitivity analysis		
	Foreign		Book value	Degree		Effect on
	currency		(In thousands	of	Effect on	other
	amount	Exchange	of NTD)	variation	profit or loss	comprehensive
(In thousands)	rate					income
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	\$ 198,275	29.05	\$ 5,759,889	1%	\$ 57,599	\$ -
JPY:NTD	241,550	0.27	65,219	1%	652	-
RMB:NTD	54,994	4.24	233,175	1%	2,332	-
USD:HKD (Note)	229,778	7.76	6,675,341	1%	66,753	-
JPY:HKD (Note)	66,454	0.07	17,943	1%	179	-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	\$ 223,584	29.15	\$ 6,808,974	1%	\$ 68,090	\$ -
JPY:NTD	103,742	0.28	29,048	1%	290	-
USD:HKD (Note)	127,543	7.76	3,717,878	1%	37,179	-
USD:RMB (Note)	5,697	6.81	166,068	1%	1,661	-
JPY:HKD (Note)	43,873	0.07	12,284	1%	123	-

Note: The functional currencies of certain consolidated entities are not NTD, thus, this information must be considered when reporting. For example, when a subsidiary's functional currency is RMB, the subsidiary's segments that are involved with USD must be taken into consideration.

- ii. The total exchange gain (loss), including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the three months and nine months ended September 30, 2021 and 2020, amounted to \$16,295, \$34,373, \$55,655 and \$49,054, respectively.

(3) Fair value information

- A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. An active market refers to a market in which transactions for an asset or liability take place with enough frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks and OTC stocks 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. The fair value of the Group's investment in equity investment without active market is included in Level 3.

B. Financial instruments not measured at fair value

- (a) Except for those listed in the table below, the carrying amounts of cash and cash equivalents, notes receivable, accounts receivable, other receivables, short-term borrowings, notes payable, accounts payable and other payables are approximate to their fair values.

	September 30, 2021			
	Book value	Fair value		
		Level 1	Level 2	Level 3
Financial liabilities:				
Bonds payable	\$ 575,740	\$ -	\$ 578,839	\$ -

There was no such transaction as of December 31, 2020 and September 30, 2020.

C. Financial and non-financial instruments measured at fair value

- (a) The related information on financial and non-financial instruments measured at fair value by level based on the nature, characteristics and risks of the assets and liabilities are as follows:

September 30, 2021	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value				
through profit or loss				
Listed stocks	\$ 20,492	\$ -	\$ -	\$ 20,492
Emerging stocks	269	-	-	269
Redemption of convertible bonds	-	-	60	60
Financial assets at fair value				
through other comprehensive income				
Listed stocks	845,413	-	-	845,413
Emerging stocks	610	-	-	610
Unlisted stocks	-	-	111,265	111,265
	<u>\$ 866,784</u>	<u>\$ -</u>	<u>\$ 111,325</u>	<u>\$ 978,109</u>
December 31, 2020	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value				
through profit or loss				
Listed stocks	\$ 25,054	\$ -	\$ -	\$ 25,054
Emerging stocks	253	-	-	253
Financial assets at fair value				
through other comprehensive income				
Listed stocks	858,283	-	-	858,283
Emerging stocks	573	-	-	573
Unlisted stocks	-	-	95,894	95,894
	<u>\$ 884,163</u>	<u>\$ -</u>	<u>\$ 95,894</u>	<u>\$ 980,057</u>

September 30, 2020	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value				
through profit or loss				
Listed stocks	\$ 24,614	\$ -	\$ -	\$ 24,614
Emerging stocks	270	-	-	270
Financial assets at fair value				
through other comprehensive				
income				
Listed stocks	892,128	-	-	892,128
Emerging stocks	613	-	-	613
Unlisted stocks	-	-	96,978	96,978
	<u>\$ 917,625</u>	<u>\$ -</u>	<u>\$ 96,978</u>	<u>\$ 1,014,603</u>

(b) The methods and assumptions the Group used to measure fair value are as follows:

- i. For the instruments the Group used market quoted prices as their fair values (that is, Level 1), the Group uses the closing price as market quoted price.
- ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date.
- iii. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk, etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.
- iv. The Group considers adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Group's credit quality.

D. For the nine months ended September 30, 2021 and 2020, there was no transfer between Level 1 and Level 2.

E. The following chart is the movement of Level 3 for the nine months ended September 30, 2021 and 2020:

	2021		2020	
	Unlisted stocks	Redemption of convertible bonds	Unlisted stocks	
At January 1	\$ 95,894	\$ -	\$ 139,107	
Acquired in the period	29,840	60	-	
Sold in the period	-	-	-	
Proceeds from capital reduction	(13,368)	-	-	
Effect of exchange rate changes	(1,101)	-	-	
At September 30	<u>\$ 111,265</u>	<u>\$ 60</u>	<u>\$ 139,107</u>	

F. Investment segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

G. The following is the qualitative information on significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at September 30, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	<u>\$ 111,265</u>	Net asset value	Not applicable	Not applicable	Not applicable
Redemption of convertible bonds	<u>\$ 60</u>	Binomial model	Volatility	19.52%	The higher the volatility, the higher the fair value
	Fair value at December 31, 2020	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	<u>\$ 95,854</u>	Net asset value	Not applicable	Not applicable	Not applicable

	Fair value at September 30, 2020	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 27,500	Most recent non-active market price	Not applicable	Not applicable	Not applicable
Unlisted shares	69,478	Net asset value	Not applicable	Not applicable	Not applicable
	<u>\$ 96,978</u>				

(4) Other matter

Due to the COVID-19 pandemic, the Group has implemented various preventive measures imposed by the government as announced by the Central Epidemic Command Center (CECC) and the epidemic prevention regulations stipulated in the Communicable Disease Control Act, such as real-name registration upon entry and taking turns coming to the office, to reduce the risks of personal contact and cross infection. The pandemic had no significant impact on the Group's overall operations and financial position.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 4.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 5.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Please refer to table 6.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 7.

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 8.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to Notes 13(1) A, B and J.

(4) Major shareholders information

The Company has no shareholders with a shareholding ratio above 5%.

14. SEGMENT INFORMATION

(1) General information

The Group operates business only in a single industry. The Board of Directors who allocates resources and assesses performance of the Group as a whole, has identified that the Group has only one reportable operating segment.

(2) Segment information

The pre-tax net income is used to measure the operating segment profit (loss) and performance of the operating segments. The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

	Three months ended September 30	
	2021	2020
Segment revenue	\$ 10,892,812	\$ 10,789,823
Segment income	\$ 257,118	\$ 148,058
Segment income, including:		
Depreciation and amortisation	\$ 17,091	\$ 17,686
	Nine months ended September 30	
	2021	2020
Segment revenue	\$ 31,732,736	\$ 24,222,201
Segment income	\$ 695,709	\$ 338,557
Segment income, including:		
Depreciation and amortisation	\$ 52,060	\$ 53,498

(3) Reconciliation for segment income (loss)

- A. The revenue from external customers reported to the Board of Directors is measured in a manner consistent with that in the statement of comprehensive income.
- B. The Group's Board of Directors assesses performance of operating segments and allocates resources based on pre-tax net income; thus, reconciliation is not needed.

Zenitron Corporation and Subsidiaries

Loans to others

Nine months ended September 30, 2021

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the nine months ended September 30, 2021 (Note 3)	Balance at September 30, 2021 (Note 8)	Actual amount drawn down	Interest rate	Nature of loan (Note 4)	Amount of transactions with the borrower (Note 5)	Reason for short- term financing (Note 6)	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 7)	Footnote
													Item	Value			
0	Zenitron Coporation	ZTHC (Shanghai) Co., Ltd.	Other receivables	Yes	\$ 613,760	\$ 599,200	\$ 214,000	2.50%	2	\$ -	Operating capital	\$ -	-	\$ -	\$ 2,042,852	\$ 2,042,852	
1	ZTHC (Shanghai) Co., Ltd.	Zenitron (Shanghai) International Trading Co., Ltd.	Other receivables	Yes	87,680	86,200	-	-	2	-	Operating capital	-	-	-	630,366	630,366	
1	ZTHC (Shanghai) Co., Ltd.	Zenitron (Shenzhen) Technology Co., Ltd.	Other receivables	Yes	263,040	258,600	86,200	2.50%	2	-	Operating capital	-	-	-	630,366	630,366	
2	Shanghai Zenitron Electronic Trading Co., Ltd	Zenitron (Shanghai) International Trading Co., Ltd.	Other receivables	Yes	52,608	51,720	43,100	4.35%	2	-	Operating capital	-	-	-	176,400	176,400	
3	Supertronic International Corp.	Zenitron Coporation	Other receivables	Yes	83,880	83,550	-	-	2	-	Operating capital	-	-	-	5,701,746	5,701,746	

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

- (1) The Company is ‘0’.
- (2) The subsidiaries are numbered in order starting from ‘1’.

Note 2: The name of account in which the loans are recognised, such as receivables–related parties, current account with stockholders, prepayments, temporary payments, etc.

Note 3: The maximum outstanding balance of loans to others for the year.

Note 4: The nature of the loan as follows:

- (1)‘1’ for business transaction.
- (2)‘2’ for short-term financing.

Note 5: The amount of business transactions when nature of the loan is 1, which is the amount of business transactions occurred between the creditor and borrower in the current year.

Note 6: Purpose of loan when nature of loan is 2, for example, repayment of loan, acquisition of equipment, working capital, etc.

Note 7: Limit on loans granted to a single party and ceiling on total loans granted as prescribed in the creditor company’s “Procedures for Provision of Loans”, the calculation and amount are as follows:

- (1) Limit on loans granted to a single party is 40% of the creditor company’s net assets based on the latest financial statements.
- (2) Ceiling on total loans granted is 40% of the creditor company’s net assets based on the latest financial statements.
- (3) Limit on loans granted between foreign companies which the Company directly or indirectly holds 100% of their voting shares is 200% of the creditor company’s net assets based on the latest financial statements.

Note 8: The amounts of funds to be loaned to others which have been approved by the board of directors of a public company in accordance with Article 14, Item 1 of the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” should be included in its published balance of loans to others at the end of the reporting period to reveal the risk of loaning the public company bears, even though they have not yet been appropriated. However, this balance should exclude the loans repaid when repayments are done subsequently to reflect the risk adjustment. In addition, if the board of directors of a public company has authorized the chairman to loan funds in instalments or in revolving within certain lines and within one year in accordance with Article 14, Item 2 of the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies”, the published balance of loans to others at the end of the reporting period should also include these lines of loaning approved by the board of directors, and these lines of loaning should not be excluded from this balance even though the loans are repaid subsequently, for taking into consideration they could be loaned again thereafter.

Zenitron Corporation and Subsidiaries

Provision of endorsements and guarantees to others

Nine months ended September 30, 2021

Expressed in thousands of NTD
(Except as otherwise indicated)

Table 2

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed Company name	Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of September 30, 2021 (Note 4)	Outstanding endorsement/ guarantee amount at September 30, 2021 (Note 5)	Actual amount drawn down (Note 6)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 7)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 7)	Provision of endorsements/ guarantees to the party in Mainland China (Note 7)	Footnote
0	Zenitron Coporation	Zenitron (HK) Limited	3	\$ 7,660,695	\$ 2,090,720	\$ 1,776,440	\$ 880,385	\$ -	34.78%	\$ 7,660,695	Y	N	N	
0	Zenitron Coporation	Zenitron (Shenzhen) Technology Co., Ltd.	3	7,660,695	536,510	527,150	259,372	-	10.32%	7,660,695	Y	N	Y	
0	Zenitron Coporation	Zenitron (Shanghai) International Trading Co., Ltd.	3	7,660,695	783,180	774,810	333,967	-	15.17%	7,660,695	Y	N	Y	
0	Zenitron Coporation	ZTHC (Shanghai) Co., Ltd.	3	7,660,695	455,300	447,250	-	-	8.76%	7,660,695	Y	N	Y	

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

(1) The Company is ‘0’.

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

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following six categories; fill in the number of category each case belongs to:

(1) Having business relationship.

(2) The endorser/guarantor parent company owns directly more than 50% voting shares of the endorsed/ guaranteed subsidiary.

(3) The endorser/guarantor parent company and its subsidiaries jointly own more than 50% voting shares of the endorsed/ guaranteed company.

(4) The endorsed/guaranteed parent company directly or indirectly owns more than 50% voting shares of the endorser/guarantor subsidiary.

(5) Mutual guarantee of the trade as required by the construction contract.

(6) Due to joint venture, each shareholder provides endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

Note 3: The calculation for and amount of limit on endorsements/guarantees are as follows: (If any contingent loss is recognised in the financial statements, the recognised amount should be indicated)

(1) Limit on endorsements/guarantees provided for a single party is 150% of the Company’s net assets.

(2) Ceiling on total amount of endorsements/guarantees is 150% of the Company's net assets.

Note 4: The year-to-date maximum outstanding balance of endorsements/guarantees provided as of the reporting period.

Note 5: Once endorsement/guarantee contracts or promissory notes are signed/issued by the endorser/guarantor company to the banks, the endorser/guarantor company bears endorsement/guarantee liabilities.

And all other events involve endorsements and guarantees should be included in the balance of outstanding endorsements and guarantees.

Note 6: The actual amount of endorsements/guarantees used by the endorsed/guaranteed company.

Note 7: ‘Y’ for those cases of provision of endorsements/guarantees by listed parent company to subsidiary and provision by subsidiary to listed parent company, and provision to the party in Mainland China.

Zenitron Corporation and Subsidiaries

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

September 30, 2021

Table 3

Expressed in NTD
(Except as otherwise indicated)

As of September 30, 2021									
Securities held by	Marketable securities (Note 1)		Relationship with the securities issuer (Note 2)	General ledger account	Number of shares (Share/Unit)	Book value (Note 3)	Ownership (%)	Fair value	Footnote (Note 4)
Zenitron Corporation	Stock	Yeong Guan Group	-	Current financial assets at fair value through profit or loss	153,834	\$ 10,306,878	0.14	\$ 10,306,878	
Zenitron Corporation	Stock	Dynapack International Technology Corporation	-	Current financial assets at fair value through profit or loss	70,000	6,762,000	0.05	6,762,000	
Zenitron Corporation	Stock	Orient Pharma Co., Ltd.	-	Current financial assets at fair value through other comprehensive income	39,462	609,688	0.02	609,688	
Zenitron Corporation	Stock	ADLINK TECHNOLOGY INC.	-	Non-current financial assets at fair value through other comprehensive income	13,334,592	845,413,133	6.13	845,413,133	
Zenitron Corporation	Stock	NU INC.	-	Non-current financial assets at fair value through other comprehensive income	1,136,364	8,610,838	8.77	8,610,838	
Zenitron Corporation	Stock	Quadlink Technology Inc.	-	Non-current financial assets at fair value through other comprehensive income	500,000	10,000,000	3.62	10,000,000	
Zenitron Corporation	Stock	MEAN WELL ENTERPRISES CO., LTD.	-	Non-current financial assets at fair value through other comprehensive income	200,000	57,340,000	0.13	57,340,000	
Zenicom Corporation	Stock	Yeong Guan Group	-	Current financial assets at fair value through profit or loss	51,087	3,422,829	0.05	3,422,829	
Zenicom Corporation	Stock	Orient Pharma Co., Ltd.	-	Current financial assets at fair value through profit or loss	17,454	269,664	0.01	269,664	
Supertronic International Corp	Stock	Capital Investment Development Corp.	-	Non-current financial assets at fair value through other comprehensive income	1,520,000	35,314,246	3.57	35,314,246	

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS 9 ‘Financial instruments’.

Note 2: Leave the column blank if the issuer of marketable securities is non-related party.

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

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

Table 4

Zenitron Corporation and Subsidiaries												
Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more												
Nine months ended September 30, 2021												
Expressed in thousands of NTD (Except as otherwise indicated)												
Purchaser/seller	Counterparty	Relationship with the counterparty (Note 2)	Transaction				Differences in transaction terms compared to third party transactions (Note 1)			Notes/accounts receivable (payable)		
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term		Balance	Percentage of total notes/accounts receivable (payable)	Footnote (Note 3)
Zenitron Coporation	Zenitron (HK) Limited	1	Sales	(\$ 5,424,730)	(33)	Approximately 60~90 days after monthly billings	Selling price is based on initial cost plus necessary profit	Approximately 30~120 days after monthly billings for third parties		\$ 985,015	17	
Zenitron (HK) Limited	Zenitron Coporation	2	Purchases	5,424,730	30	Approximately 60~90 days after monthly billings	Approximately the same as the normal price	Approximately 10~75 days after monthly billings for third parties	(	985,015)	(38)	
Zenitron Coporation	Zenitron (Shanghai) International Trading Co., Ltd.	1	Sales	(417,784)	(3)	Approximately 60~90 days after monthly billings	Selling price is based on initial cost plus necessary profit	Approximately 30~120 days after monthly billings for third parties		54,643	1	
Zenitron (Shanghai) International Trading Co., Ltd.	Zenitron Coporation	2	Purchases	417,784	37	Approximately 60~90 days after monthly billings	Approximately the same as the normal price	Approximately 10~75 days after monthly billings for third parties	(	54,643)	(34)	
Zenitron Coporation	Zenitron (Shenzhen) Technology Co., Ltd.	1	Sales	(275,692)	(2)	Approximately 60~90 days after monthly billings	Selling price is based on initial cost plus necessary profit	Approximately 30~120 days after monthly billings for third parties		39,469	1	
Zenitron (Shenzhen) Technology Co., Ltd.	Zenitron Coporation	2	Purchases	275,692	33	Approximately 60~90 days after monthly billings	Approximately the same as the normal price	Approximately 10~75 days after monthly billings for third parties		(39,469)	(40)	
Zenitron (HK) Limited	Zenitron (Shenzhen) Technology Co., Ltd.	3	Sales	(479,224)	(3)	Approximately 60~90 days after monthly billings	Selling price is based on initial cost plus necessary profit	Approximately 30~120 days after monthly billings for third parties		42,486	1	
Zenitron (Shenzhen) Technology Co., Ltd.	Zenitron (HK) Limited	3	Purchases	479,224	56	Approximately 60~90 days after monthly billings	Approximately the same as the normal price	Approximately 10~75 days after monthly billings for third parties	(	42,486)	(43)	
Zenitron (HK) Limited	Zenitron (Shanghai) International Trading Co., Ltd.	3	Sales	(506,084)	(3)	Approximately 60~90 days after monthly billings	Selling price is based on initial cost plus necessary profit	Approximately 30~120 days after monthly billings for third parties		67,525	2	
Zenitron (Shanghai) International Trading Co., Ltd.	Zenitron (HK) Limited	3	Purchases	506,084	45	Approximately 60~90 days after monthly billings	Approximately the same as the normal price	Approximately 10~75 days after monthly billings for third parties	(	67,525)	(42)	
Zenicom (HK) Limited	Zenitron Coporation	2	Sales	(160,386)	(99)	Approximately 60~90 days after monthly billings	Selling price is based on initial cost plus necessary profit	Approximately 30~120 days after monthly billings for third parties		34,704	95	
Zenitron Coporation	Zenicom (HK) Limited	1	Purchases	160,386	1	Approximately 60~90 days after monthly billings	Approximately the same as the normal price	Approximately 10~75 days after monthly billings for third parties		(34,704)	(2)	

Note 1: If terms of related-party transactions are different from third-party transactions, explain the differences and reasons in the ‘Unit price’ and ‘Credit term’ columns.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to:

- (1) Parent company to subsidiary.
- (2) Subsidiary to parent company.
- (3) Subsidiary to subsidiary.

Note 3: In case related-party transaction terms involve advance receipts (prepayments) transactions, explain in the footnote the reasons, contractual provisions, related amounts, and differences in types of transactions compared to third-party transactions.

Note 4: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Zenitron Corporation and Subsidiaries
Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more
Nine months ended September 30, 2021

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty (Note 2)	Balance as at	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
			September 30, 2021 (Note 1)		Amount	Action taken		
<u>Accounts receivable</u>								
Zenitron Coporation	Zenitron (HK) Limited	1	\$ 985, 015	7. 06	\$ -	-	\$ 10,387	\$ -
<u>Other receivables</u>								
Zenitron Corporation	ZTHC(SHANGHAI) CO ., LTD	1	215, 055	-	-	-	-	-

Note 1: Fill in separately the balances of accounts receivable-related parties, notes receivable-related parties, other receivables-related parties....

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to

- (1) Parent company to subsidiary.
- (2) Subsidiary to parent company.
- (3) Subsidiary to subsidiary.

Note 3: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Table 6

Zenitron Corporation and Subsidiaries
Significant inter-company transactions during the reporting period
Nine months ended September 30, 2021

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	Zenitron Coporation	Zenitron (HK) Limited	1	Sales	\$ 5,424,730	Selling price has no obvious difference from the third parties	17
0	Zenitron Coporation	Zenitron (HK) Limited	1	Accounts receivable	985,015	60~90 days after monthly billings	5
0	Zenitron Coporation	Zenitron (Shanghai) International Trading Co., Ltd.	1	Sales	417,784	Selling price has no obvious difference from the third parties	1
0	Zenitron Coporation	Zenitron (Shanghai) International Trading Co., Ltd.	1	Accounts receivable	54,643	60~90 days after monthly billings	0
0	Zenitron Coporation	Zenitron (Shenzhen) Technology Co., Ltd.	1	Sales	275,692	Selling price has no obvious difference from the third parties	1
0	Zenitron Coporation	Zenitron (Shenzhen) Technology Co., Ltd.	1	Accounts receivable	39,469	60~90 days after monthly billings	0
0	Zenitron Corporation	ZTHC(SHANGHAI) CO ., LTD	1	Other receivables	215,055	Based on mutual agreements	1
1	Zenitron (HK) Limited	Zenitron (Shenzhen) Technology Co., Ltd.	3	Sales	479,224	Selling price has no obvious difference from the third parties	2
1	Zenitron (HK) Limited	Zenitron (Shenzhen) Technology Co., Ltd.	3	Accounts receivable	42,486	60~90 days after monthly billings	0
1	Zenitron (HK) Limited	Zenitron (Shanghai) International Trading Co., Ltd.	3	Sales	506,084	Selling price has no obvious difference from the third parties	2
1	Zenitron (HK) Limited	Zenitron (Shanghai) International Trading Co., Ltd.	3	Accounts receivable	67,525	60~90 days after monthly billings	0
2	ZENICOM (HK) LIMITED	Zenitron Corporation	2	Sales	160,386	Selling price has no obvious difference from the third parties	1
2	ZENICOM (HK) LIMITED	Zenitron Corporation	2	Accounts receivable	34,704	60~90 days after monthly billings	0

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

- (1) Parent company is ‘0’.
- (2) The subsidiaries are numbered in order starting from ‘1’.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to:

- (1) Parent company to subsidiary.
- (2) Subsidiary to parent company.
- (3) Subsidiary to subsidiary.

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

Note 4: The Company may decide to disclose or not to disclose transaction details in this table based on the Materiality Principle.

Zenitron Corporation and Subsidiaries
Information on investees
Nine months ended September 30, 2021

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee (Notes 1 and 2)	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2021			Net profit (loss) of the investee for the nine months ended September 30, 2021 (Note 2(2))	Investment income (loss) recognised by the Company for the nine months ended September 30, 2021 (Note 2(3))	Footnote
				Balance as at September 30, 2021	Balance as at December 31, 2020	Number of shares (in thousand)	Ownership (%)	Book value			
Zenitron Coporation	Zenicom Corporation	Taiwan	Trading of electronic components and assembly	\$ 55,854	\$ 55,854	1,520	100.00	\$ 28,163	(\$ 2,313)	(\$ 2,313)	Subsidiary
Zenitron Coporation	Zenitron (HK) Limited	Hong Kong	Trading of electronic components and assembly	2,008	2,008	510	1.47	39,836	499,384	7,341	Second-tier subsidiary
Zenitron Coporation	Supertronic International Corp.	B. V. I.	Reinvested holding company	618,023	618,023	18,704	100.00	2,850,873	495,412	495,412	Subsidiary
Zenitron Coporation	Yo-Teh Investment Corporation	Taiwan	Reinvested holding company	84,167	84,167	7,700	100.00	66,363	8,688	8,688	Subsidiary
Supertronic International Corp.	Zenitron (HK) Limited	Hong Kong	Trading of electronic components and assembly	471,639	471,639	34,272	98.53	2,670,120	499,384	492,043	Subsidiary
Supertronic International Corp.	Zenicom (HK) Limited	Hong Kong	Trading of electronic components and assembly	92,780	92,780	23,800	100.00	86,317	1,036	1,036	Subsidiary

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

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

- (1) The columns of 'Investee', 'Location', 'Main business activities', 'Initial investment amount' and 'Shares held as at September 30, 2021' should fill orderly in the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the 'footnote' column.
- (2) The 'Net profit (loss) of the investee for the nine months ended September 30, 2021' column should fill in amount of net profit (loss) of the investee for this period.
- (3) The 'Investment income (loss) recognised by the Company for the nine months ended September 30, 2021' column should fill in the Company (public company) recognised investment income (loss) of its direct subsidiary and recognised investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognised investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this period has included its investment income (loss) which shall be recognised by regulations.

Zenitron Corporation and Subsidiaries
Information on investments in Mainland China
Nine months ended September 30, 2021

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2021	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the nine months ended September 30, 2021		Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2021	Net income (loss) of investee for the nine months ended September 30, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the nine months ended September 30, 2021 (Note 2)	Book value of investments in Mainland China as of September 30, 2021	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2021	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Zenitron (Shanghai) International Trading Co., Ltd.	Trading of electronic components and assembly	\$ 157,730	(2)	\$ 97,270	\$ -	\$ -	\$ 97,270	\$ 6,236	100.00	\$ 6,236	\$ 184,167	\$ -	
ZTHC (Shanghai) Co., Ltd.	Selling computer memory equipment and related components and providing technical support	116,601	(2)	116,601	-	-	116,601	(5,668)	100.00	(5,668)	315,183	-	
Zenitron (Shenzhen) Technology Co., Ltd.	Trading of electronic components and assembly	93,080	(2)	32,620	-	-	32,620	(7,270)	100.00	(7,270)	60,070	-	
Shanghai Zenitron Electronic Trading Co., Ltd.	Trading of electronic components and assembly	94,760	(2)	-	-	-	-	121	100.00	121	88,200	-	
Company name		Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2021		Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)		Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA							
Zenitron Corporation		\$ 246,491		\$ 443,484		\$ 3,064,278							

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

- (1) Directly invest in a company in Mainland China.
- (2) Through investing in Zenitron (HK) Limited, an existing company in the third area, which then invested in the investee in Mainland China.
- (3) Others

Note 2: Basis for investment income (loss) recognition is the unreviewed financial statements of the investees.

Note 3: The numbers in this table are expressed in New Taiwan Dollars.