

English Translation of Financial Statements and a Report Originally Issued in Chinese

Ticker: 3189

Kinsus Interconnect Technology Corp. and Subsidiaries
Consolidated Financial Statements
With Review Report of Independent Auditors
As of September 30, 2021 and 2020
And For The Nine-month Periods Then Ended

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

English Translation of Financial Statements and a Report Originally Issued in Chinese

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REVIEW REPORT OF INDEPENDENT AUDITORS

To The Board of Directors of
Kinsus Interconnect Technology Corp.

Introduction

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

Scope of Review

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

(To be continued)

(Continued)

Basis for Qualified Conclusion

As explained in Note 6.(8), the financial statements of the associate and joint venture accounted for under the equity method was not reviewed by independent auditors. The carrying values of the associate and joint venture under equity method amounted to NT\$325,274 thousand and NT\$389,691 thousand as of September 30, 2021 and 2020, respectively. The related shares of profits from the associate and joint venture under the equity method amounted to NT\$(30,238) thousand, NT\$(61,700) thousand, NT\$27,898 thousand and NT\$(145,053) thousand for the three-month and nine-month periods then ended September 30, 2021 and 2020, respectively. The related shares of other comprehensive income from the associate and joint venture under the equity method amounted to NT\$65 thousand, NT\$(2,125) thousand, NT\$(1,413) thousand and NT\$(3,515) thousand for the three-month and nine-month periods then ended September 30, 2021 and 2020, respectively.

Qualified Conclusion

Based on our reviews, except for the effect of such adjustments, if any, as might have been determined to be necessary had the financial statements of the associate and joint venture accounted for using equity method been reviewed by independent auditors described in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of September 30, 2021 and 2020, and their consolidated financial performance for the three-month and nine-month periods then ended and cash flows for the nine-month periods 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 and became effective by Financial Supervisory Commission of the Republic of China.

Hong, Mao-Yi

Hong, Mao-Yi

Cheng, Ching-Piao

Cheng, Ching-Piao

Ernst & Young

Taiwan, R.O.C.

October 28th, 2021

Notices to Readers

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

Accordingly, the accompanying consolidated financial statements and report of independent accountants 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, Ernst & Young 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.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp. and Subsidiaries

Consolidated Balance Sheets

As of September 30, 2021, December 31, 2020 and September 30, 2020 (September 30, 2021 and 2020 are reviewed but unaudited)

(Amounts Expressed In Thousands of New Taiwan Dollars)

Assets			As of September 30, 2021		As of December 31, 2020		As of September 30, 2020	
Code	Accounts	Notes	Amount	%	Amount	%	Amount	%
	Current assets							
1100	Cash and cash equivalents	6(1)	\$12,930,274	24	\$11,664,932	27	\$11,035,106	26
1110	Financial assets at fair value through profit or loss	6(2)	583,787	1	1,594,063	4	1,286,925	3
1136	Financial assets carried at amortized cost	6(3), 8	63,439	-	467,167	1	623,057	1
1150	Notes receivable, net	6(5)	5,250	-	1,182	-	11,182	-
1170	Accounts receivable, net	6(6)	5,678,610	11	4,377,155	10	4,128,265	10
1180	Accounts receivable - related parties, net	6(6), 7	20,012	-	24,862	-	60,273	-
1200	Other receivables		309,451	1	141,161	-	443,362	1
1210	Other receivables - related parties	7	242	-	4,114	-	6,134	-
1310	Inventories, net	6(7)	3,303,496	6	2,889,017	7	2,993,471	7
1410	Prepayments		529,088	1	212,742	1	221,380	1
1470	Other current assets		280,884	-	287,596	1	210,169	1
11xx	Total current assets		23,704,533	44	21,663,991	51	21,019,324	50
	Non-current assets							
1517	Financial assets at fair value through OCI	6(4)	51,000	-	51,000	-	50,000	-
1550	Investment accounted for under equity method	6(8)	325,274	1	298,789	1	389,691	1
1600	Property, plant and equipment, net	6(9), 8	24,126,864	45	18,080,810	42	18,448,428	44
1755	Right-of-use asset	6(23)	351,506	1	311,732	1	331,019	1
1780	Intangible assets	6(10)	36,075	-	32,105	-	23,010	-
1840	Deferred income tax assets	4	26,138	-	28,262	-	26,461	-
1900	Other non-current assets	6(11), 7, 8	94,352	-	120,921	-	116,003	-
1915	Prepayment for acquiring machinery	6(9), 9	4,696,787	9	2,196,342	5	1,536,242	4
15xx	Total non-current assets		29,707,996	56	21,119,961	49	20,920,854	50
1xxx	Total Assets		\$53,412,529	100	\$42,783,952	100	\$41,940,178	100

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp. and Subsidiaries

Consolidated Balance Sheets-(Continued)

As of September 30, 2021, December 31, 2020 and September 30, 2020 (September 30, 2021 and 2020 are reviewed but unaudited)

(Amounts Expressed In Thousands of New Taiwan Dollars)

Liabilities and Equity			As of September 30, 2021		As of December 31, 2020		As of September 30, 2020	
Code	Accounts	Notes	Amount	%	Amount	%	Amount	%
	Current liabilities							
2100	Short-term loans	6(12)	\$2,669,440	5	\$2,640,307	6	\$3,389,386	8
2130	Contract liability	6(21)	224,658	1	161,731	-	162,824	-
2150	Notes payable		49,696	-	46,420	-	40,037	-
2170	Accounts payable		2,782,083	5	2,358,805	6	2,351,710	6
2200	Other payables	6(13), 7	6,301,522	12	3,933,209	9	3,188,432	8
2230	Current income tax liabilities	4	527,091	1	265,246	1	205,943	1
2280	Lease liability	6(23)	48,939	-	41,846	-	49,871	-
2300	Other current liabilities	6(14)	1,665,407	3	1,076,669	3	1,182,712	3
2365	Refund liability	6(15)	162,232	-	206,517	-	147,432	-
21xx	Total current liabilities		14,431,068	27	10,730,750	25	10,718,347	26
	Non-current liabilities							
2540	Long-term loans	6(16), 8	7,253,095	14	2,641,811	6	2,157,525	5
2570	Deferred income tax liabilities	4	27,406	-	27,763	-	24,859	-
2580	Lease liability	6(23)	108,358	-	64,400	-	74,946	-
2600	Other non-current liabilities	6(17)	169,674	-	129,669	-	119,223	-
25xx	Total non-current liabilities		7,558,533	14	2,863,643	6	2,376,553	5
2xxx	Total liabilities		21,989,601	41	13,594,393	31	13,094,900	31
	Equity attributable to shareholders of the parent							
31xx	Capital							
3100	Common stock	6(19)	4,508,441	9	4,508,625	11	4,508,753	11
3200	Capital surplus	6(19)	6,633,051	12	6,632,030	16	6,632,818	16
3300	Retained earnings	6(19)						
3310	Legal reserve		3,700,821	7	3,647,505	9	3,647,505	9
3320	Special reserve		181,016	-	183,405	-	183,405	-
3350	Unappropriated earnings		12,876,221	24	10,882,082	25	10,720,939	26
3400	Other components of equity		(225,162)	-	(183,852)	-	(212,225)	(1)
3500	Treasury Stock	6(19)	-	-	(143)	-	(117)	-
36xx	Non-controlling interests	6(19)	3,748,540	7	3,519,907	8	3,364,200	8
3xxx	Total equity		31,422,928	59	29,189,559	69	28,845,278	69
	Total liabilities and equity		\$53,412,529	100	\$42,783,952	100	\$41,940,178	100

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp. and Subsidiaries

Consolidated Statements of Comprehensive Income

For the three-month and nine-month periods ended September 30, 2021 and 2020 (Reviewed but unaudited)

(Amounts Expressed In Thousands of New Taiwan Dollars, Except Earnings Per Share)

Code	Accounts	Notes	For the three-month period ended September 30, 2021		For the three-month period ended September 30, 2020		For the nine-month period ended September 30, 2021		For the nine-month period ended September 30, 2020	
			Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenues	6(21), 7	\$9,767,683	100	\$6,871,934	100	\$25,719,024	100	\$19,550,452	100
5000	Operating costs		(6,545,944)	(67)	(5,436,353)	(79)	(18,534,455)	(72)	(15,546,223)	(80)
5900	Gross profit		3,221,739	33	1,435,581	21	7,184,569	28	4,004,229	20
6000	Operating expenses	7								
6100	Sales and marketing		(240,318)	(3)	(197,074)	(3)	(705,076)	(3)	(581,294)	(3)
6200	General and administrative		(676,470)	(7)	(331,519)	(5)	(1,412,269)	(5)	(926,524)	(5)
6300	Research and development		(612,118)	(6)	(610,888)	(9)	(1,839,387)	(7)	(1,691,626)	(8)
6450	Expected credit gains (losses)	6(22)	(1,497)	-	(14,096)	-	(13,227)	-	(11,950)	-
	Total operating expenses		(1,530,403)	(16)	(1,153,577)	(17)	(3,969,959)	(15)	(3,211,394)	(16)
6900	Operating income		1,691,336	17	282,004	4	3,214,610	13	792,835	4
7000	Non-operating incomes and expenses									
7100	Interest income	6(25)	7,531	-	8,880	-	25,409	-	33,201	-
7010	Other incomes	6(25), 7	145,623	1	50,213	1	185,993	1	144,995	1
7020	Other gains and losses	6(25)	15,382	-	(39,025)	(1)	(10,870)	-	(41,686)	-
7050	Finance costs	6(25), 7	(23,963)	-	(14,213)	-	(55,347)	-	(62,645)	-
7060	Share of profit or loss of associates and joint ventures	6(8)	(30,238)	-	(61,700)	(1)	27,898	-	(145,053)	(1)
	Total non-operating incomes and expenses		114,335	1	(55,845)	(1)	173,083	1	(71,188)	-
7900	Income before income tax		1,805,671	18	226,159	3	3,387,693	14	721,647	4
7950	Income tax expense	4, 6(27)	(233,753)	(2)	(41,498)	-	(430,421)	(2)	(123,072)	(1)
8200	Net income		1,571,918	16	184,661	3	2,957,272	12	598,575	3
8300	Other comprehensive income (loss)	6(26)								
8360	Items that may be reclassified subsequently to profit or loss									
8361	Exchange differences on translation of foreign operations		(10,446)	-	20,162	-	(54,190)	(1)	(31,205)	-
8370	Share of the other comprehensive profit or loss of joint ventures		65	-	(2,125)	-	(1,413)	-	(3,515)	-
	Total other comprehensive income, net of tax		(10,381)	-	18,037	-	(55,603)	(1)	(34,720)	-
8500	Total comprehensive income		\$1,561,537	16	\$202,698	3	\$2,901,669	11	\$563,855	3
8600	Net income attributable to:									
8610	Shareholders of the parent		\$1,384,821	14	\$59,154	1	\$2,495,852	10	\$371,936	2
8620	Non-controlling interests		187,097	2	125,507	2	461,420	2	226,639	1
			\$1,571,918	16	\$184,661	3	\$2,957,272	12	\$598,575	3
8700	Comprehensive income attributable to:									
8710	Shareholders of the parent		\$1,375,398	14	\$82,396	1	\$2,451,705	9	\$348,418	2
8720	Non-controlling interests		186,139	2	120,302	2	449,964	2	215,437	1
			\$1,561,537	16	\$202,698	3	\$2,901,669	11	\$563,855	3
9750	Earnings per share-basic (in NTD)	6(28)	\$3.07		\$0.13		\$5.54		\$0.83	
9850	Earnings per share-diluted (in NTD)	6(28)	\$3.06		\$0.13		\$5.52		\$0.82	

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp. and Subsidiaries

Consolidated Statements of Changes in Equity

For the nine-month periods ended September 30, 2021 and 2020 (Reviewed but unaudited)

(Amounts Expressed In Thousands of New Taiwan Dollars)

Code	Items	Equity Attributable to Shareholders of the Parent									Non-controlling Interests	Total Equity
		Common Stock	Capital Surplus	Retained Earnings			Others		Treasury Stock	Total		
				Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange differences arising on translation of foreign operations	Unearned Employee Benefit				
3100	3200	3310	3320	3350	3410	3490	3500	31XX	36XX	3XXX		
A1	Balance as of January 1, 2020	\$4,510,738	\$6,637,742	\$3,647,505	\$100,384	\$10,882,980	\$(183,404)	\$(28,592)	\$(332)	\$25,567,021	\$3,270,679	\$28,837,700
	Appropriation and distribution of 2019 earnings											
B3	Special reserve				83,021	(83,021)				-		-
B5	Cash dividends-common shares					(451,039)				(451,039)		(451,039)
D1	Net income for the nine-month period ended September 30, 2020					371,936				371,936	226,639	598,575
D3	Other comprehensive income (loss), net of tax, for the nine-month period ended September 30, 2020						(23,518)			(23,518)	(11,202)	(34,720)
D5	Total comprehensive income (loss)	-	-	-	-	371,936	(23,518)	-	-	348,418	215,437	563,855
O1	Non-controlling interests increase (decrease)										(121,916)	(121,916)
T1	Employee restricted shares for cancellation and others	(1,985)	(4,924)			83		23,289	215	16,678		16,678
Z1	Balance as of September 30, 2020	\$4,508,753	\$6,632,818	\$3,647,505	\$183,405	\$10,720,939	\$(206,922)	\$(5,303)	\$(117)	\$25,481,078	\$3,364,200	\$28,845,278
A1	Balance as of January 1, 2021	\$4,508,625	\$6,632,030	\$3,647,505	\$183,405	\$10,882,082	\$(181,015)	\$(2,837)	\$(143)	\$25,669,652	\$3,519,907	\$29,189,559
	Appropriation and distribution of 2020 earnings											
B1	Legal reserve			53,316		(53,316)				-		-
B3	Special reserve				(2,389)	2,389				-		-
B5	Cash dividends-common shares					(450,847)				(450,847)		(450,847)
D1	Net income for the nine-month period ended September 30, 2021					2,495,852				2,495,852	461,420	2,957,272
D3	Other comprehensive income (loss), net of tax, for the nine-month period ended September 30, 2021						(44,147)			(44,147)	(11,456)	(55,603)
D5	Total comprehensive income (loss)	-	-	-	-	2,495,852	(44,147)	-	-	2,451,705	449,964	2,901,669
H3	Reorganization		1			(1)				-		-
O1	Non-controlling interests increase (decrease)										(221,331)	(221,331)
T1	Employee restricted shares for cancellation and others	(184)	1,020			62		2,837	143	3,878		3,878
Z1	Balance as of September 30, 2021	\$4,508,441	\$6,633,051	\$3,700,821	\$181,016	\$12,876,221	\$(225,162)	\$-	\$-	\$27,674,388	\$3,748,540	\$31,422,928

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
Kinsus Interconnect Technology Corp. and Subsidiaries
Consolidated Statements of Cash Flows
For the nine-month periods ended September 30, 2021 and 2020 (Reviewed but unaudited)
(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Items	For the nine-month period ended September 30,		Code	Items	For the nine-month period ended September 30,	
		2021	2020			2021	2020
AAAA	Cash flows from operating activities:			BBBB	Cash flows from investing activities:		
A10000	Income before income tax	\$3,387,693	\$721,647	B00040	Decrease (increase) in financial assets measured at amortized cost	403,728	(200,000)
A20000	Adjustments:			B02700	Acquisition of property, plant and equipment	(10,313,366)	(1,576,302)
A20010	Income and expense adjustments:			B02800	Proceeds from disposal of property, plant and equipment	20,815	43,939
A20100	Depreciation(including right-of-use asset)	3,197,487	3,305,473	B03800	Decrease (increase) in refundable deposits	26,569	(27,934)
A20200	Amortization	34,708	30,138	B04500	Acquisition of intangible assets	(38,709)	(22,429)
A20300	Expected credit losses (gain on recovery)	13,227	11,950	BBBB	Net cash provided by (used in) investing activities	(9,900,963)	(1,782,726)
A20400	Net gain of financial assets at fair value through P/L	(1,632)	(4,391)				
A20900	Interest expense	55,347	62,645				
A21200	Interest income	(25,409)	(33,201)	CCCC	Cash flows from financing activities:		
A21900	Cost of share based payment	3,836	18,183	C00100	Increase in (repayment of) short-term loans	29,133	(706,715)
A22300	Share of profit or loss of associates and joint ventures	(27,898)	145,053	C01600	Increase in long-term loans	5,252,400	1,235,000
A22500	Gain on disposal of property, plant and equipment	(12,432)	(11,730)	C01700	Repayments of long-term loans	(870,267)	(1,005,639)
A23700	Impairment loss on non-financial assets	13,861	5,395	C03000	Increase (decrease) in deposits received	29,700	25,873
A29900	Gain on lease modification	(686)	(21)	C04020	Cash payments for the principal portion of the lease liability	(36,840)	(106,524)
A29900	Gain on government grants	(5,967)	(2,260)	C04500	Cash dividends	(450,847)	(451,039)
A30000	Changes in operating assets and liabilities:			C05800	Increase (decrease) in non-controlling interests	(221,331)	(121,916)
A31110	Financial assets at fair value through P/L	1,011,908	56,298	CCCC	Net cash provided by (used in) financing activities	3,731,948	(1,130,960)
A31130	Notes receivable	(4,068)	(6,264)				
A31150	Accounts receivable	(1,314,672)	(530,646)	DDDD	Effect of exchange rate changes	(24,214)	7,751
A31160	Accounts receivable - related parties	4,850	51,050				
A31180	Other receivables	(168,954)	(111,452)	EEEE	Increase (decrease) in cash and cash equivalents	1,265,342	323,003
A31190	Other receivables - related parties	3,872	(233)	E00100	Cash and cash equivalents at beginning of period	11,664,932	10,712,103
A31200	Inventories	(414,536)	(540,496)	E00200	Cash and cash equivalents at end of period	\$12,930,274	\$11,035,106
A31220	Prepayments	(316,346)	(70,842)				
A31240	Other current assets	6,712	(11,497)				
A32125	Contract liabilities	62,927	90,198				
A32130	Notes payable	3,276	2,861				
A32150	Accounts payable	423,278	127,139				
A32180	Other payables	918,782	(36,835)				
A32230	Other current liabilities	840,510	13,130				
A32240	Net defined benefit liability	(3,267)	(3,175)				
A32990	Refund liability	(44,285)	72,567				
A33000	Cash generated from (used in) operations	7,642,122	3,350,684				
A33100	Interest received	26,126	33,913				
A33300	Interest paid	(44,420)	(62,530)				
A33500	Income tax paid	(165,257)	(93,129)				
AAAA	Net cash provided by (used in) operating activities	7,458,571	3,228,938				

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

1. HISTORY AND ORGANIZATION

Kinsus Interconnect Technology Corp. (referred to “the Company”) was established on September 11, 2000. Its main business activities include the manufacture of electronic products, the whole-sale and retail-sale of electronic materials, and the consultation services of business operation and management. The Company’s stocks have been governmentally approved on May 20, 2004 to be listed and traded in Taiwan Stock Exchange starting November 1, 2004. The registered business premise and main operation address is at No. 1245, Chung Hua Rd., Hsinwu District, Taoyuan City, Taiwan 32747.

Pegatron Corporation is the ultimate controller of the Group to which the Company belongs.

2. DATE AND PROCEDURE OF AUTHORIZATION FOR FINANCIAL STATEMENTS ISSUANCE

The consolidated financial statements of the Company and its subsidiaries (“the Group”) were authorized to be issued in accordance with a resolution of the Board of Directors’ meeting held on October 28, 2021.

3. NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

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

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

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

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

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

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

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

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

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

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

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

(d) Annual Improvements to IFRS Standards 2018 - 2020

Amendment to IFRS 1

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

Amendment to IFRS 9 Financial Instruments

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

Amendment to Illustrative Examples Accompanying IFRS 16 Leases

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

Amendment to IAS 41

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

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

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

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

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

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

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

(B) IFRS 17 “Insurance Contracts”

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

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

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

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

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

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

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

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

The amendments introduce the definition of accounting estimates and included other amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

to help companies distinguish changes in accounting estimates from changes in accounting policies.

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of compliance

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

Except for the following 4(4)~4(5), the accounting policies applied in these consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 2020. For more details, please refer to Note 4 of the Company’s consolidated financial statements for the year ended December 31, 2020.

(2) Basis of preparation

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

(3) Basis of consolidation

The same principles of consolidation have been applied in the Company's consolidated financial statements as those applied in the Company's consolidated financial statements for the year ended December 31, 2020. For the principles of consolidation, please refer to Note 4(3) of the Company's consolidated financial statements for the year ended December 31, 2020.

The consolidated entities are listed as follows:

Investor	Subsidiary	Main business	Percentage of Ownership (%), as of		
			Sep. 30, 2021	Dec. 31, 2020	Sep. 30, 2020
The Company	KINSUS CORP. (USA)	Designing substrates, formulating marketing strategy analysis, developing new customers, researching and development new product technology	100.00%	100.00%	100.00%
The Company	KINSUS HOLDING (SAMOA) LIMITED	Investing activities	100.00%	100.00%	100.00%
The Company	KINSUS INVESTMENT CO., LTD.	Investing activities	100.00%	100.00%	100.00%
KINSUS HOLDING (SAMOA) LIMITED	KINSUS HOLDING (CAYMAN) LIMITED	Investing activities	100.00%	100.00%	100.00%
KINSUS HOLDING (SAMOA) LIMITED	PIOTEK HOLDINGS LTD. (CAYMAN)	Investing activities	51.00%	51.00%	51.00%

Kinsus Interconnect Technology Corp.

Notes to Consolidated Financial Statements (Continued)

KINSUS INVESTMENT CO., LTD.	PEGAVISION CORPORATION	Manufacture of medical equipment	30.33% (Note)	30.33% (Note)	30.33% (Note)
KINSUS HOLDING (CAYMAN) LIMITED	KINSUS INTERCONNECT TECHNOLOGY SUZHOU CORP.	Manufacturing and selling printed circuit board (PCB) (not high-density fine-line)	100.00%	100.00%	100.00%
KINSUS HOLDING (CAYMAN) LIMITED	XIANG-SHOU (SUZHOU) TRADING LIMITED	Trading of PCB related products and materials (not high-density fine-line)	100.00%	100.00%	100.00%
PIOTEK HOLDINGS LTD. (CAYMAN)	PIOTEK HOLDING LIMITED	Investing activities	100.00%	100.00%	100.00%
PIOTEK HOLDINGS LIMITED	PIOTEK COMPUTER (SUZHOU) CO., LTD.	Researching, developing, producing and selling electronic components, PCBs and related products and providing after-sale services	100.00%	100.00%	100.00%
PIOTEK HOLDINGS LIMITED	PIOTEK (H.K.) TRADING LIMITED	Trading activities	100.00%	100.00%	100.00%
PEGAVISION CORPORATION	PEGAVISION JAPAN INC.	Selling medical equipment	100.00%	100.00%	100.00%
PEGAVISION CORPORATION	Pegavision (Jiangsu) Limited	Producing and Selling medical equipment	100.00% (Note 1)	Not applicable	Not applicable

PEGAVISION CORPORATION	PEGAVISION CONTACT LENSES (SHANGHAI) CORPORATION	Selling medical equipment	100.00%	100.00%	100.00%
PEGAVISION CORPORATION	Aquamax Corporation	Selling medical equipment	-% (Note 2)	100.00%	100.00%
PEGAVISION CORPORATION	Mayin Investment Co., Ltd.	Investing activities	100.00% (Note 2)	Not applicable	Not applicable
PEGAVISION CONTACT LENSES (SHANGHAI) CORPORATION	GEMVISION TECHNOLOGY (ZHEJIANG) LIMITED	Selling medical equipment	100.00%	100.00%	100.00%
Mayin Investment Co., Ltd.	Aquamax Corporation	Selling medical equipment	100.00% (Note 2)	Not applicable	Not applicable
Mayin Investment Co., Ltd.	FacialBeau International Corporation	Selling cosmetic Products	55.00% (Note 2)	Not applicable	Not applicable
Aquamax Corporation	Aquamax Vision Corporation	Selling medical equipment	100.00%	100.00% (Note 3)	100.00% (Note 3)

Note: The Group had 30.33% ownership of Pegavision Corporation as of September 30, 2021, December 31, 2020 and September 30, 2020. However the Group possesses control over the entity as it has been the single largest shareholder since the Group invested in Pegavision Corporation. The Group and the parent company hold more than 45% of voting right while the remaining equity is individually held by numerous shareholders without contractual rights. The Group therefore has control over the entity.

Note 1: The board of directors decided to set up Pegavision (Jiangsu) Limited which is 100% held by Pegavision Corporation at October 26, 2020. The registration was completed at March 15, 2021.

Note 2: To improve the synergy of the Group, the board of directors decided to reorganize and set up the Subsidiaries at July 26, 2021:

(a) The equity of Aquamax Corporation was transferred to Mayin Investment Co., Ltd. from Pegavision Corporation.

(b) Mayin Investment Co., Ltd. which is 100% held by Pegavision Corporation was registered at August 19, 2021.

(c) FacialBeau International Corporation which is 55% held by Mayin Investment Co., Ltd. was registered at October 22, 2021.

Note 3: The board of directors decided to set up Aquamax Vision Corporation which is 100% held by the Aquamax Corporation at February 10, 2020. The registration was completed at July 29, 2020.

(4) Post-employment benefits

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

(5) Income tax

Interim period income tax expense is accrued using the tax rate that would be applicable to expected total annual earnings, that is, the estimated average annual effective income tax rate applied to the pre-tax income of the interim period. Only current income tax expense is using the estimated average annual effective income tax rate while deferred income tax is recognized and measured in consistent with annual financial reporting in accordance with IAS 12, "Income Tax." The impact of tax rate change in interim period, if any, is recognized in earnings, other comprehensive income or directly equity.

5. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent

liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The same significant accounting judgments, estimates and assumptions have been applied in the Company's consolidated financial statements for the nine-month period ended September 30, 2021 as those applied in the Company's consolidated financial statements for the year ended December 31, 2020. For significant accounting judgments, estimates and assumptions, please refer to Note 5 of the Company's consolidated financial statements for the year ended December 31, 2020.

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	As of		
	9/30/2021 (NT\$'000)	12/31/2020 (NT\$'000)	9/30/2020 (NT\$'000)
Cash and petty cash	\$3,774	\$3,689	\$3,251
Checking and saving	4,454,715	3,259,153	2,798,296
Time deposit	8,471,785	8,402,090	8,233,559
Total	<u>\$12,930,274</u>	<u>\$11,664,932</u>	<u>\$11,035,106</u>

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

	As of		
	9/30/2021 (NT\$'000)	12/31/2020 (NT\$'000)	9/30/2020 (NT\$'000)
Mandatorily measured at fair value through profit or loss:			
Money market fund	\$559,266	\$1,546,518	\$1,240,363
Valuation adjustment	24,521	47,545	46,562
Total	<u>\$583,787</u>	<u>\$1,594,063</u>	<u>\$1,286,925</u>
Current	<u>\$583,787</u>	<u>\$1,594,063</u>	<u>\$1,286,925</u>
Non-current	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>

No financial assets at fair value through profit or loss was pledged as collateral.

(3) Financial assets measured at amortized cost

	As of		
	9/30/2021 (NT\$'000)	12/31/2020 (NT\$'000)	9/30/2020 (NT\$'000)
Time deposits	\$20,058	\$423,057	\$623,057
Restricted deposits	43,381	44,110	-
Total	<u>\$63,439</u>	<u>\$467,167</u>	<u>\$623,057</u>
Current	<u>\$63,439</u>	<u>\$467,167</u>	<u>\$623,057</u>
Non-current	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>

The Group transacts with financial institutions with good credit rating. Consequently, there is no significant credit risk.

Please refer to Note 8 for more details on financial assets measured at amortized cost pledged as collateral.

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

	As of		
	9/30/2021 (NT\$'000)	12/31/2020 (NT\$'000)	9/30/2020 (NT\$'000)
Equity instruments investments measured at fair value through other comprehensive income – Non-current:			
Unlisted company stocks	<u>\$51,000</u>	<u>\$51,000</u>	<u>\$50,000</u>

No financial assets at fair value through other comprehensive income was pledged as collateral.

(5) Notes receivable

	As of		
	9/30/2021 (NT\$'000)	12/31/2020 (NT\$'000)	9/30/2020 (NT\$'000)
Notes receivable arising from operating activities	\$5,250	\$1,182	\$11,182
Less: loss allowance	-	-	-
Total	\$5,250	\$1,182	\$11,182

Notes receivables were not pledged.

The Group follows the requirement of IFRS 9 to assess the impairment. Please refer to Note 6(22) for more details on loss allowance and Note 12 for details on credit risk.

(6) Accounts receivable and accounts receivable - related parties, net

A. Accounts receivable, net

	As of		
	9/30/2021 (NT\$'000)	12/31/2020 (NT\$'000)	9/30/2020 (NT\$'000)
Accounts receivable, gross	\$5,711,842	\$4,397,170	\$4,166,355
Less: allowance against doubtful accounts	(33,232)	(20,015)	(38,090)
Net of allowances	5,678,610	4,377,155	4,128,265
Accounts receivable - related parties, gross	20,012	24,862	60,273
Less: allowance against doubtful accounts	-	-	-
Net of allowances	20,012	24,862	60,273
Total accounts receivable, net	\$5,698,622	\$4,402,017	\$4,188,538

B. Account receivables were not pledged.

C. The Group entered into factoring agreements with banks. Accounts receivable from selected customers are transferred to banks without recourse. Details of the agreed credit limits and accounts receivable transferred were as follows:

	Financial Institution	Accounts receivable de-recognized (NT\$'000)	Interest Rate	Advance received (NT\$'000)	Collateral	Credit Limit
9/30/2021	Mega International Commercial Bank - LanYa Branch	\$530,983	0.37%~0.41%	\$417,072	None	Note
12/31/2020	Mega International Commercial Bank - LanYa Branch	\$480,175	0.42%~0.51%	\$479,599	None	Note
9/30/2020	Mega International Commercial Bank - LanYa Branch	\$368,814	0.519%	79,047	None	Note

Note: The credit limits were US\$30,000 thousand as of September 30, 2021, December 31, 2020 and September 30, 2020.

D. Accounts receivable are generally on 30-90 day terms. The total carrying amount as of September 30, 2021, December 31, 2020 and September 30, 2020, are NT\$5,731,854 thousand, NT\$4,422,032 thousand and NT\$4,226,628 thousand, respectively. Please refer to Note 6 (22) for more details on loss allowance of accounts receivable for the periods ended September 30, 2021 and 2020. Please refer to Note 12 for more details on credit risk management.

(7) Inventories

A. Details of inventory:

	As of		
	9/30/2021 (NT\$'000)	12/31/2020 (NT\$'000)	9/30/2020 (NT\$'000)
Raw material	\$771,181	\$708,425	\$767,351
Supplies	80,869	67,033	70,124
Work in process	1,783,056	1,408,262	1,457,952
Finished goods	620,194	647,654	649,680
Merchandises	48,196	57,643	48,364
Total	<u>\$3,303,496</u>	<u>\$2,889,017</u>	<u>\$2,993,471</u>

B. For the three-month periods ended September 30, 2021 and 2020, the Group recognized NT\$6,545,944 thousand and NT\$5,436,353 thousand under the caption of costs of sale, respectively. For the nine-month periods ended September 30, 2021 and 2020, the Group recognized NT\$18,534,455 thousand and NT\$15,546,223 thousand under the caption of costs of sale, respectively. The following items were also included in cost:

Item	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2021 (NT\$'000)	2020 (NT\$'000)	2021 (NT\$'000)	2020 (NT\$'000)
Loss (Gain) from inventory market decline	\$(144,960)	\$36,069	\$326,331	\$36,613
Loss from physical	5,183	7,141	17,755	10,459
Loss from inventory write-off obsolescence	963,589	643,379	2,178,862	1,889,643
Total	<u>\$823,812</u>	<u>\$686,589</u>	<u>\$2,522,948</u>	<u>\$1,936,715</u>

The Group recognized gains on recovery of inventory market decline because some of the inventories previously provided with market loss or obsolescence were disposed for the three-month period ended September 30, 2021.

C. The inventories were not pledged.

(8) Investments accounted for under the equity method

Investees	As of					
	9/30/2021		12/31/2020		9/30/2020	
	Carrying amount (NT\$'000)	Percentage of ownership (%)	Carrying amount (NT\$'000)	Percentage of ownership (%)	Carrying amount (NT\$'000)	Percentage of ownership (%)
Investments in associates:						
FuYang Technology Corp.	<u>\$325,274</u>	35.65%	<u>\$298,789</u>	35.65%	<u>\$389,691</u>	35.65%

A. The Company invested cash in FuYang Technology Corp. during May 2016 for interest ownership of 36%. The investment is accounted for as an investment in associates due to the Company's ability to exercise its significant influence.

In May 2017, the Company participated in FuYang's cash offering by unproportionately investing NT\$479,422 thousand for 19,176,872 shares of FuYang and, therefore, recognized a capital surplus amounting to NT\$7,484 thousand. As a result of the offering, the Company's share interest on FuYang decreased to 35.65%.

B. Investments in associates

As of September 30, 2021, December 31, 2020 and September 30, 2020, the aggregate carrying amount of the Group's interests in FuYang Technology Corp. is NT\$325,274 thousand, NT\$298,789 thousand, NT\$389,691 thousand, respectively. The aggregate financial information based on Group's share of FuYang Technology Corp. is as follows:

	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2021 (NT\$'000)	2020 (NT\$'000)	2021 (NT\$'000)	2020 (NT\$'000)
Profit or loss from continuing operations	\$(30,238)	\$(61,700)	\$27,898	\$(145,053)
Other comprehensive income (post-tax)	65	(2,125)	(1,413)	(3,515)
Total comprehensive income	<u>\$(30,173)</u>	<u>\$(63,825)</u>	<u>\$26,485</u>	<u>\$(148,568)</u>

There were no contingent liabilities or capital commitments with respect to the investment in the associate as of September 30, 2021, December 31, 2020 and September 30, 2020. Nor any of the Group's share interest on FuYang was pledged as collateral.

C. The Group's investment accounted for under equity method as of September 30, 2021 and 2020 amounted to NT\$325,274 thousand and NT\$389,691 thousand while the related investment income/loss and joint venture income were NT\$(30,238) thousand, NT\$(61,700) thousand, NT\$27,898 thousand and NT\$(145,053) thousand for the three-month and nine-month period then ended September 30, 2021 and 2020, respectively. And other comprehensive income were NT\$65 thousand, NT\$(2,125) thousand, NT\$(1,413) thousand and NT\$(3,515) thousand for the three-month and nine-month period then ended September 30, 2021 and 2020, respectively. Please note that the financial statements of the investee for the same correspondent periods were not reviewed.

D. No investment accounted for under equity method was pledged as collateral as of September 30, 2021, December 31, 2020 and September 30, 2020.

(9) Property, plant and equipment

	As of		
	9/30/2021 (NT\$'000)	12/31/2020 (NT\$'000)	9/30/2020 (NT\$'000)
Owner occupied property, plant and equipment	\$24,126,864	\$18,080,810	\$18,448,428

A. Property, plant and equipment for own-use

	Land (NT\$'000)	Buildings (NT\$'000)	Machinery (NT\$'000)	Office Equipment (NT\$'000)	Vehicle (NT\$'000)	Other Equipment (NT\$'000)	Construction in progress and equipment awaiting inspection (including prepaid equipment)	Total (NT\$'000)
							(NT\$'000)	
Cost:								
As of 1/1/2021	\$2,979,392	\$8,639,244	\$26,982,667	\$259,713	\$20,043	\$7,684,122	\$2,597,912	\$49,163,093
Addition	(1,563)	(631)	1,994	989	-	122,417	11,639,523	11,762,729
Disposals	-	-	(475,954)	-	-	(143,398)	-	(619,352)
Effect of EX rate	-	(50,503)	(127,284)	(1,189)	(190)	(24,723)	(1,289)	(205,178)
Reclassification	3,132,634	1,470,052	3,779,195	13,458	2,575	404,721	(8,802,635)	-
As of 9/30/2021	\$6,110,463	\$10,058,162	\$30,160,618	\$272,971	\$22,428	\$8,043,139	\$5,433,511	\$60,101,292

English Translation of Consolidated Financial Statements and Footnotes Originally Issued in Chinese

Kinsus Interconnect Technology Corp.

Notes to Consolidated Financial Statements (Continued)

As of 1/1/2020	\$2,979,392	\$8,703,739	\$25,976,638	\$241,294	\$17,922	\$7,348,928	\$1,745,970	\$47,013,883
Addition	-	40	1,306	72	41	138,602	1,860,950	2,001,011
Disposals	-	(1,609)	(510,709)	(7,489)	(596)	(214,472)	-	(734,875)
Effect of EX rate	-	(54,291)	(126,057)	(711)	(50)	(17,195)	(1,105)	(199,409)
Reclassification	-	10,223	1,356,710	11,363	2,483	342,917	(1,723,696)	-
As of 9/30/2020	\$2,979,392	\$8,658,102	\$26,697,888	\$244,529	\$19,800	\$7,598,780	\$1,882,119	\$48,080,610

Depreciation and impairment:

As of 1/1/2021	\$-	\$3,085,988	\$20,478,512	\$211,312	\$15,629	\$5,094,500	\$-	\$28,885,941
Depreciation	-	311,259	2,130,286	20,814	1,346	689,984	-	3,153,689
Impairment loss	-	5,900	7,947	-	-	14	-	13,861
Disposal	-	-	(467,571)	-	-	(143,398)	-	(610,969)
Effect of EX rate	-	(26,343)	(115,309)	(1,088)	(160)	(21,981)	-	(164,881)
Reclassification	-	-	(1)	-	-	1	-	-
As of 9/30/2021	\$-	\$3,376,804	\$22,033,864	\$231,038	\$16,815	\$5,619,120	\$-	\$31,277,641

As of 1/1/2020	\$-	\$2,757,524	\$18,364,210	\$190,436	\$14,447	\$4,427,400	\$-	\$25,754,017
Depreciation	-	279,711	2,187,582	21,826	1,151	710,171	-	3,200,441
Impairment loss	-	-	5,073	-	-	322	-	5,395
Disposal	-	(1,609)	(478,543)	(7,489)	(596)	(214,429)	-	(702,666)
Effect of EX rate	-	(28,572)	(117,590)	(622)	(44)	(14,419)	-	(161,247)
Reclassification	-	-	(2)	-	-	2	-	-
As of 9/30/2020	\$-	\$3,007,054	\$19,960,730	\$204,151	\$14,958	\$4,909,047	\$-	\$28,095,940

Net carrying amount:

As of 9/30/2021	\$6,110,463	\$6,681,358	\$8,126,754	\$41,933	\$5,613	\$2,424,019	\$5,433,511	\$28,823,651
As of 12/31/2020	\$2,979,392	\$5,553,256	\$6,504,155	\$48,401	\$4,414	\$2,589,622	\$2,597,912	\$20,277,152
As of 9/30/2020	\$2,979,392	\$5,651,048	\$6,737,158	\$40,378	\$4,842	\$2,689,733	\$1,882,119	\$19,984,670

B. “Significant components” of buildings primarily comprised the main buildings and the facilities, which are depreciated based on their respective useful economic life of 20 to 25 years and 3 to 20 years.

C. Details of property, plant & equipment and prepayment for machinery is as follows:

	As of		
	9/30/2021 (NT\$'000)	12/31/2020 (NT\$'000)	9/30/2020 (NT\$'000)
Property, plant and equipment	\$24,126,864	\$18,080,810	\$18,448,428
Prepayment for acquiring machinery	4,696,787	2,196,342	1,536,242
Total	<u>\$28,823,651</u>	<u>\$20,277,152</u>	<u>\$19,984,670</u>

D. Please refer to Note 8 for details on property, plant and equipment pledged as collaterals.

E. The Company purchased 40 parcels of land with a total area of 36,115.24 square meters. Lands are located at the addresses of No. 1113, 1114, 1438 to 1443, 1479, 1486 to 1487 at ShiLeiZi Sub-section, ShiLeiZi Section, No. 1044, 1047 to 1049 at QingHua Section, and No. 0001, 697 to 700 and 712 to 726 at RongHua Section, XinFeng Village. Due to regulatory restrictions, the agricultural land cannot be registered under the Company's name while it has been temporarily registered under the general manager's name and, to secure the Company's right to the land, mortgage registration has been set aside with the Company being the obligee.

(10) Intangible assets

	Computer software (NT\$'000)
<u>Cost:</u>	
As of 1/1/2021	\$64,197
Additions – acquired separately	38,709
Derecognized upon retirement	(24,468)
Reclassification	-
Effect of exchange rate changes	(145)
As of 9/30/2021	<u>\$78,293</u>
As of 1/1/2020	\$82,532
Additions – acquired separately	22,429
Derecognized upon retirement	(39,723)
Reclassification	-

Effect of exchange rate changes	(387)
As of 9/30/2020	<u>\$64,851</u>
 <u>Amortization and Impairment:</u>	
As of 1/1/2021	\$32,092
Amortization	34,708
Derecognized upon retirement	(24,468)
Reclassification	-
Effect of exchange rate changes	(114)
As of 9/30/2021	<u>\$42,218</u>
As of 1/1/2020	\$51,779
Amortization	30,138
Derecognized upon retirement	(39,723)
Reclassification	-
Effect of exchange rate changes	(353)
As of 9/30/2020	<u>\$41,841</u>
 <u>Carrying amount, net:</u>	
As of 9/30/2021	<u>\$36,075</u>
As of 12/31/2020	<u>\$32,105</u>
As of 9/30/2020	<u>\$23,010</u>

Amounts of amortization recognized for intangible assets are as follows:

	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2021 (NT\$'000)	2020 (NT\$'000)	2021 (NT\$'000)	2020 (NT\$'000)
Cost of goods sold	\$61	\$27	\$184	\$40
Selling	192	11	463	33
General and administrative	12,187	7,880	33,411	29,672
Research and development	224	161	650	393
Total	<u>\$12,664</u>	<u>\$8,079</u>	<u>\$34,708</u>	<u>\$30,138</u>

(11) Other non-current assets

	As of		
	9/30/2021 (NT\$'000)	12/31/2020 (NT\$'000)	9/30/2020 (NT\$'000)
Refundable deposits	\$94,352	\$120,921	\$116,003

(12) Short-term loans

	Interest interval (%)	As of		
		9/30/2021 (NT\$'000)	12/31/2020 (NT\$'000)	9/30/2020 (NT\$'000)
Unsecured bank loans	0.37% ~ 1.23%	\$2,669,440	\$2,640,307	\$3,389,386

The Group's unused short-term lines of credits amount to NT\$6,019,568 thousand, NT\$5,614,413 thousand and NT\$6,167,859 thousand, as of September 30, 2021, December 31, 2020 and September 30, 2020, respectively.

(13) Other payable

	As of		
	9/30/2021 (NT\$'000)	12/31/2020 (NT\$'000)	9/30/2020 (NT\$'000)
Accrued expense	\$3,651,772	\$2,733,032	\$2,211,832
Equipment payable	2,646,868	1,197,505	975,037
Accrued interest	2,882	2,672	1,563
Total	\$6,301,522	\$3,933,209	\$3,188,432

(14) Other current liabilities

	As of		
	9/30/2021 (NT\$'000)	12/31/2020 (NT\$'000)	9/30/2020 (NT\$'000)
Other current liabilities	\$109,317	\$104,488	\$92,784
Current portion of long-term loans	713,000	967,737	1,085,357

Fund collected for purchase of equipment on behalf of others (Note)	835,680	-	-
Deferred revenue	7,410	4,444	4,571
Total	<u>\$1,665,407</u>	<u>\$1,076,669</u>	<u>\$1,182,712</u>

Note: It refers fund collected for purchase equipment on behalf of customer who commissioned the Company to acquire equipment for it.

(15) Refund liability

	As of		
	9/30/2021 (NTS'000)	12/31/2020 (NTS'000)	9/30/2020 (NTS'000)
Refund liability	<u>\$162,232</u>	<u>\$206,517</u>	<u>\$147,432</u>

(16) Long-term loans

Details of long-term loans were as follows:

Debtor	Type of Loan	Maturity	Loan Balance	Repayment
			As of 9/30/2021 (NTS'000)	
The Shanghai Commercial & Savings Bank – ZhongLi Branch	Credit loan	2025.12.18-2027.09.15	\$1,349,217	Note 3 and 8
The Shanghai Commercial & Savings Bank – ZhongLi Branch	Secured loan	2030.10.15	49,016	Note 12
Mega International Commercial Bank – LanYa Branch	Credit loan	2022.07.05-2036.06.28	4,484,117	Note 1, 5, 10, 11,13 and 14
Chang Hwa Commercial Bank – Beitou Branch	Credit loan	2025.03.15-2028.09.15	548,506	Note 5 and 7

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The Bank of Taiwan – Beitou Branch	Credit loan	2026.11.04- 2027.09.30	1,535,239	Note 6 and 9
Total			7,966,095	
Less: current portion			(713,000)	
Non-current portion			\$7,253,095	
			<u>Loan Balance</u>	
			As of 12/31/2020	
<u>Debtor</u>	<u>Type of Loan</u>	<u>Maturity</u>	<u>(NT\$'000)</u>	<u>Repayment</u>
Mega International Commercial Bank – LanYa Branch	Credit loan	2021.09.05- 2026.12.31	\$584,975	Note 1 and 5
The Shanghai Commercial & Savings Bank – ZhongLi Branch	Credit loan	2021.04.23- 2027.09.15	1,617,293	Note 2, 3 and 8
The Shanghai Commercial & Savings Bank – ZhongLi Branch	Secured loan	2020.11.10- 2030.10.15	9,786	Note 12
Standard Chartered Bank – Xinwu Branch	Credit loan	2021.09.28	300,000	Note 4
Chang Hwa Commercial Bank – BeiTou Branch	Credit loan	2025.03.15- 2027.08.15	152,815	Note 5 and 7
The Bank of Taiwan – BeiTou Branch	Credit loan	2026.11.04- 2027.09.30	944,679	Note 6
Total			3,609,548	
Less: current portion			(967,737)	
Non-current portion			\$2,641,811	

Debtor	Type of Loan	Maturity	Loan Balance	Repayment
			As of 9/30/2020 (NT\$'000)	
Mega International Commercial Bank – LanYa Branch	Credit loan	2021.09.05- 2026.12.31	\$689,311	Note 1 and 5
The Shanghai Commercial & Savings Bank – ZhongLi Branch	Credit loan	2021.04.23- 2027.09.15	1,157,397	Note 2 and 3
Standard Chartered Bank – Xinwu Branch	Credit loan	2021.09.28	300,000	Note 4
Chang Hwa Commercial Bank – Beitou Branch	Credit loan	2025.03.15- 2027.08.15	152,701	Note 5 and 7
The Bank of Taiwan – Beitou Branch	Credit loan	2026.11.04- 2027.09.30	943,473	Note 6
Total			3,242,882	
Less: current portion			(1,085,357)	
Non-current portion			<u>\$2,157,525</u>	

Note 1: A term is defined as every 3 months starting from the initial draw-down date. Loan period is 5 years. Grace period is 1 year (4 terms). Interest shall be paid monthly with principal repaid every 3 months. The rest is repayable in installments of equal amount for 16 terms.

Note 2: A term is defined as every 3 months starting from the initial draw-down date. Grace period is 1 years (4 terms). The rest is repayable in installments of equal amount for 8 terms.

Note 3: A term is defined as every month starting from the initial draw-down date. The principal and interest are repayable in installments of equal amount for 84 terms.

Note 4: Grace period is 18 months from the initial draw-down date. 18 months after the initial draw-down date is considered the 1st term and the following terms are defined as every 6 months since then. The principal and interest are repayable in installments of equal amount for 4 terms.

Note 5: Grace period is 3 years from the initial draw-down date. A term is defined as every month since the fourth year. The principal and interest are repayable in installments of equal amount for 48 terms.

Note 6: Grace period is 2 years from the initial draw-down date. A term is defined as every month since the third year. The principal and interest are repayable in installments of equal amount for 60 terms.

Note 7: A term is defined as every month starting from the initial draw-down date. Grace period is 3 years (36 terms). The rest is repayable in installments of equal amount for 24 terms.

Note 8: A term is defined as every 3 months starting from the initial draw-down date. The principal and interest are repayable in installments of equal amount for 16 terms.

Note 9: A term is defined as every month starting from the initial draw-down date. Grace period is 11 months. Interest shall be paid monthly with principal repaid every month. The rest is repayable in installments of equal amount for 60 terms.

Note 10: A term is defined as every month starting from the initial draw-down date. Grace period is 21 months. Interest shall be paid monthly with principal repaid every month. The rest is repayable in installments of equal amount for 48 terms.

Note 11: A term is defined as every month starting from the initial draw-down date. Grace period is 22 months. Interest shall be paid monthly with principal repaid every month. The rest is repayable in installments of equal amount for 48 terms.

Note 12: A term is defined as every month starting from the initial draw-down date. Grace period is 2 years (24 terms). The rest is repayable in installments of equal amount for 96 terms.

Note 13: A term is defined as every month starting from the initial draw-down date. Grace period is 3 years. Interest shall be paid monthly with principal repaid every 3 months. The rest is repayable in installments of equal amount for 48 terms.

Note 14: Grace period is 3 years from the initial draw-down date. A term is defined as every 3 months since the fourth year. The principal and interest are repayable in installments of equal amount for 16 terms.

A. Please refer to Note 8 for details on assets pledged as collaterals.

B. As of September 30, 2021, December 31, 2020 and September 30, 2020, the interest rate intervals for long-term loans were 0.4%~1.124%, 0.4%~1.236% and 0.4%~0.983%, respectively.

The Group obtained from the Ministry of Economy a low-interest government loan amounting NT\$3,771,000 thousands with a term of 5~7 years and annual interest rates of 0.3~0.9% and monthly interest payment on the 15th of each month. The loan was recorded under the caption of other liabilities-deferred government grants income. The Group shall recognize the government grant income when it is reasonably assured that the Group satisfy all the terms of the government grant agreement.

(17) Other non-current liabilities

(a) Details of other non-current liabilities were as follows:

	As of		
	9/30/2021 (NT\$'000)	12/31/2020 (NT\$'000)	9/30/2020 (NT\$'000)
Net defined benefit liability	\$27,099	\$30,366	\$22,596
Deposits received	102,935	73,235	69,709
Deferred revenue	39,640	26,068	26,918
Total	<u>\$169,674</u>	<u>\$129,669</u>	<u>\$119,223</u>

(b) The details of the deferred government grants income for the nine-month period ended September 30, 2021 and 2020 are as follows:

	For the nine-month ended September 30,2021 (NT\$'000)	For the nine-month ended September 30,2020 (NT\$'000)
	Beginning balance	\$30,512
Received during the period	22,505	33,749
Released to the statement of comprehensive income	(5,967)	(2,260)
Ending Balance	<u>\$47,050</u>	<u>\$31,489</u>
Current	<u>\$7,410</u>	<u>\$4,571</u>
Non-current	<u>\$39,640</u>	<u>\$26,918</u>

(c) Please refer to Note 6(16) for details on interest rate of deferred government grants income.

(18) Post-employment benefits

Defined contribution plan

Expenses under the defined contribution plan for the three-month periods ended September 30, 2021 and 2020 were NT\$45,884 thousand and NT\$41,708 thousand, respectively, while for the nine-month periods ended September 30, 2021 and 2020 were NT\$133,502 thousand and NT\$114,219 thousand, respectively.

Defined benefits plan

Expenses under the defined benefits plan for the three-month periods ended September 30, 2021 and 2020 were NT\$36 thousand and NT\$58 thousand, respectively, while for the nine-month periods ended September 30, 2021 and 2020 were NT\$107 thousand and NT\$181 thousand, respectively.

(19) Equity

A. Common shares

As of September 30, 2021, December 31, 2020 and September 30, 2020, the Company's authorized capital were NT\$6,000,000 thousand, each share at par value of NT\$10, divided into 600,000 thousand shares. As of September 30, 2021, December 31, 2020 and September 30, 2020, the Company's paid-in capital were NT\$4,508,441 thousand, NT\$4,508,625 thousand and NT\$4,508,753 thousand, respectively, divided into 450,844 thousand shares, 450,863 thousand shares and 450,875 thousand shares, respectively. Each share represents a voting right and a right to receive dividends.

On January 29, 2018 and May 29, 2018, the Company's board of directors and shareholders' meetings resolved to increase the capital through an issuance of new 5,500,000 shares of restricted stock for employees. The application has been governmentally approved by FSC in the Order No. Financial-Supervisory-Securities-Corporate-1070324628 issued on July 10, 2018. The measurement date was at August 28, 2018, and issued 4,841,000 shares of restricted stock for employees.

In addition, on February 18, 2019, the board of directors resolved to issue 659,000 shares of restricted stock. The measurement date was at March 18, 2019 and issued 598,500 shares of restricted stock.

On February 18, 2019, the board of directors resolved to cancel restricted stock, and the amount of the capital reduction is NT\$786 thousand. The measurement date was at March 17, 2019.

On April 29, 2019, the board of directors resolved to cancel restricted stock, and the amount of the capital reduction is NT\$600 thousand. The measurement date was at May 2, 2019.

On July 29, 2019, the board of directors resolved to cancel restricted stock, and the amount of the capital reduction is NT\$1,395 thousand. The measurement date was at August 1, 2019.

On October 28, 2019, the board of directors resolved to cancel restricted stock, and the amount of the capital reduction is NT\$876 thousand. The measurement date was at October 30, 2019.

On February 10, 2020, the board of directors resolved to cancel restricted stock, and the amount of the capital reduction is NT\$348 thousand. The measurement date was at February 12, 2020.

On April 27, 2020, the board of directors resolved to cancel restricted stock, and the amount of the capital reduction is NT\$1,238 thousand. The measurement date was at April 29, 2020.

On July 27, 2020, the board of directors resolved to cancel restricted stock, and the amount of the capital reduction is NT\$399 thousand. The measurement date was at July 29, 2020.

On October 26, 2020, the board of directors resolved to cancel restricted stock, and the amount of the capital reduction is NT\$128 thousand. The measurement date was at October 28, 2020.

On January 29, 2021, the board of directors resolved to cancel restricted stock, and the amount of the capital reduction is NT\$151 thousand. The measurement date was at February 1, 2021.

On April 26, 2021, the board of directors resolved to cancel restricted stock, and the amount of the capital reduction is NT\$33 thousand. The measurement date was at April 28, 2021.

B. Capital surplus

	As of		
	9/30/2021 (NT\$'000)	12/31/2020 (NT\$'000)	9/30/2020 (NT\$'000)
Additional paid-in capital	\$6,036,311	\$6,011,409	\$6,011,409
Differences between purchase price and carrying amount arising from acquisition or disposal of subsidiaries	50,925	50,925	50,925
All changes in interests in subsidiaries	529,959	529,959	529,959
Change in joint ventures accounted for using equity method	7,484	7,484	7,484
Changes in equity of investment accounted for using equity method	1	-	-
Shared-Based Payment	8,371	8,371	8,371
Restricted stocks for employees	-	23,882	24,670
Total	<u>\$6,633,051</u>	<u>\$6,632,030</u>	<u>\$6,632,818</u>

According to the Taiwan Company Act, the capital surplus shall not be used except for making good the deficit of the Company. When a company incurs no loss, it may distribute the capital surplus related to the income derived from the issuance of new shares at a premium or income from endowments received by the company up to a certain percentage of paid-in capital. The said capital surplus could be distributed in cash to its shareholders in proportion to the number of shares being held by each of them. Capital surplus related to long-term equity investments cannot be used for any purpose.

C. Treasury stock

Treasury stock amounted to NT\$0, NT\$143 thousand and NT\$117 thousand, respectively, divided into 0 share, 14 thousand shares and 12 thousand shares, respectively, as of September 30, 2021, December 31, 2020 and September 30, 2020.

Purpose of repurchase	Beginning balance	Addition	Decrease	Ending balance
<u>For the nine-month period ended September 30, 2021</u>				
Recover failed restricted stocks	14	4	18	0
<u>For the nine-month period ended September 30, 2020</u>				
Recover failed restricted stocks	33	177	198	12

According to the Securities and Exchange Law of the R.O.C., total treasury stock shall not exceed 10% of the Company's issued stock, and the total purchase amount shall not exceed the sum of the retained earnings, additional paid-in capital-premiums and realized additional paid-in capital. As such, the ceiling number of shares of treasury stock that the Company could hold as of September 30, 2021 were 45,084 thousand shares, with the maximum payments of NT\$ 22,613,353 thousand.

In compliance with Securities and Exchange Law of the R.O.C., treasury stock should not be pledged, nor should it be entitled to voting rights or receiving dividends.

D. Appropriation of earnings and dividend policies

(a) Earning distribution

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

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

If the above-mentioned dividends are distributed to shareholders in the form of cash, the Board of Directors have been authorized to approve by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, and report to the shareholder's meeting.

(b)Dividend policies

The Company is in an industry with versatile environment. For long-term finance planning requirements and to meet the shareholders' demand for cash, the Company's dividend policy aims for steadiness and balancing. Shareholder extra dividend each year cannot be less than 10% of distributed surplus earnings and cash dividends distributed each year cannot be less than 10% of the gross amount of dividends.

(c)Legal reserve

According to the Company Act, legal reserve shall be set aside until such amount equal total authorized capital. Legal reserve can be used to offset deficits. If the Company does not incur any loss, the portion of legal reserve exceeding 25% of the paid-in capital may be distributed to shareholders by issuing new shares or by cash in proportion to the number of shares held by each shareholder.

(d)Special reserve

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

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

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

The Company did not incur any special reserve upon the first-time adoption of T-IFRS.

- (e) The shareholders' meeting of the Company in 2021 was postponed due to the impact of the Covid-19 pandemic. The distribution of earnings reached the statutory approval threshold through electronic voting by June 30, 2021. The appropriations of earnings for the Years 2020 and 2019 were approved through the shareholders' meetings held on July 12, 2021 and May 28, 2020, respectively. The details of the distributions are as follows:

	Appropriation of earnings		Dividend per share (in NT\$)	
	2020 (NT\$'000)	2019 (NT\$'000)	2020	2019
Legal reserve	\$53,316	\$-		
Special reserve	(2,389)	83,021		
Cash dividend	450,847	451,039	\$1.00	\$1.00
Total	\$501,774	\$534,060		

Please refer to Note 6(24) for details on employees' compensation and remuneration to directors and supervisors.

E. Non-controlling interests

	For the nine-month period ended September 30,	
	2021 (NT\$'000)	2020 (NT\$'000)
Beginning balance	\$3,519,907	\$3,270,679
Net income attributable to NCIs	461,420	226,639
Other comprehensive income attributable to NCIs:		
Exchange differences arising on translation of foreign operations	(11,456)	(11,202)
Non-controlling interests increase/(decrease)	(221,331)	(121,916)
Ending balance	\$3,748,540	\$3,364,200

(20) Share-based payment plans

Restricted stocks plan for employees

A. On May 29, 2018, the shareholders' meetings resolved to issue of 5,500 thousand shares of restricted stocks for employees. The grantee is limited to employees who meet certain conditions. The restricted stocks have been approved by the Securities and Futures Bureau. On July 30, 2018, the board of directors resolved to issue 4,947 thousand shares. The measurement date was at August 28, 2018 and total shares issued were 4,841 thousand. The unit market price as of the granted date was NT\$49.1.

On February 18, 2019, the board of directors resolved to issue 659 thousand shares. The measurement date was at March 18, 2019, while total shares issued 599 thousand shares. The unit market price as of the granted date was NT\$43.45.

The employees who acquire the above shares can subscribe shares at the price of NT\$10 per shares while the vesting conditions are as below.

Vesting conditions	Proportion of vested shares
Within one month starting the granted date	20%
April 25, 2019	20%
September 25, 2019	15%
April 25, 2020	15%
September 25, 2020	15%
April 25, 2021	15%

Restriction on employee's right after granted but before vested:

- (a) The granted employee commit to the custodian institution, and shall not sell, pledge, transfer, donate, or dispose in any other ways, the right of restricted stocks before achieving the vesting conditions.
- (b) After new shares of restricted stock are issued, the granted employee should immediately commit to the custodian institution, and not to ask the trustee to return

the restricted stock in any other reasons or ways before achieving the vesting conditions.

(c)The restricted stock for employees can participate in receiving dividends during the vesting period.

(d)The right to vote and elect in a shareholders' meeting shall be executed by custodian institution in accordance with related regulations.

On August 28, 2018, the issuance of 4,841 thousand restricted shares for employees resulted in the increase of capital reserve—employee stock option amounting to NT\$184,530 thousand. The restricted stocks plan was invalidated as of September 30, 2021 and 544 thousand shares were recalled. As a result, capital reserve increased by NT\$5,442 thousand and the unearned employee compensation was NT\$0.

On March 18, 2019, the issuance of 599 thousand restricted shares for employees resulted in the increase of capital reserve—employee stock option amounting to NT\$19,396 thousand. The restricted stocks plan was invalidated as of September 30, 2021 and 51 thousand shares were recalled. As a result, capital reserve increased by NT\$513 thousand and the unearned employee compensation was NT\$0.

B. The expense recognized for employee services received is shown in the following table.

	For the nine-month period ended September 30,	
	2021	2020
	(NT\$'000)	(NT\$'000)
Total expense arising from equity-settled share-based payment transactions	\$3,836	\$18,183

C. The Company did not modify the share-based payment plan for the nine-month period ended September 30, 2021 and 2020.

(21) Sales

	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2021	2020	2021	2020
	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)
Revenue from customer contracts				
Sales of goods	\$9,670,367	\$6,802,112	\$25,424,133	\$19,323,878
Other operating revenue	97,316	69,822	294,891	226,574
Total	<u>\$9,767,683</u>	<u>\$6,871,934</u>	<u>\$25,719,024</u>	<u>\$19,550,452</u>

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

A. Disaggregation of revenue

	For the three-month period ended September 30, 2021			
	IC Substrate (NT\$'000)	PCB (NT\$'000)	Optics (NT\$'000)	Total (NT\$'000)
Sales of goods	\$7,542,111	\$614,831	\$1,513,425	\$9,670,367
Other	97,316	-	-	97,316
Total	<u>\$7,639,427</u>	<u>\$614,831</u>	<u>\$1,513,425</u>	<u>\$9,767,683</u>

The timing for revenue recognition:

At a point in time	<u>\$7,639,427</u>	<u>\$614,831</u>	<u>\$1,513,425</u>	<u>\$9,767,683</u>
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	For the nine-month period ended September 30, 2021			
	IC Substrate (NT\$'000)	PCB (NT\$'000)	Optics (NT\$'000)	Total (NT\$'000)
Sales of goods	\$19,589,342	\$1,794,224	\$4,040,567	\$25,424,133
Other	294,891	-	-	294,891
Total	<u>\$19,884,233</u>	<u>\$1,794,224</u>	<u>\$4,040,567</u>	<u>\$25,719,024</u>

The timing for revenue recognition:

At a point in time	<u>\$19,884,233</u>	<u>\$1,794,224</u>	<u>\$4,040,567</u>	<u>\$25,719,024</u>
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For the three-month period ended September 30, 2020

	<u>IC Substrate</u>	<u>PCB</u>	<u>Optics</u>	<u>Total</u>
	<u>(NT\$'000)</u>	<u>(NT\$'000)</u>	<u>(NT\$'000)</u>	<u>(NT\$'000)</u>
Sales of goods	\$5,230,795	\$562,980	\$1,008,337	\$6,802,112
Other	69,822	-	-	69,822
Total	<u>\$5,300,617</u>	<u>\$562,980</u>	<u>\$1,008,337</u>	<u>\$6,871,934</u>

The timing for revenue recognition:

At a point in time	<u>\$5,300,617</u>	<u>\$562,980</u>	<u>\$1,008,337</u>	<u>\$6,871,934</u>
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For the nine-month period ended September 30, 2020

	<u>IC Substrate</u>	<u>PCB</u>	<u>Optics</u>	<u>Total</u>
	<u>(NT\$'000)</u>	<u>(NT\$'000)</u>	<u>(NT\$'000)</u>	<u>(NT\$'000)</u>
Sales of goods	\$15,277,352	\$1,481,356	\$2,565,170	\$19,323,878
Other	226,574	-	-	226,574
Total	<u>\$15,503,926</u>	<u>\$1,481,356</u>	<u>\$2,565,170</u>	<u>\$19,550,452</u>

The timing for revenue recognition:

At a point in time	<u>\$15,503,926</u>	<u>\$1,481,356</u>	<u>\$2,565,170</u>	<u>\$19,550,452</u>
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B. Contract balances

(a) Contract liabilities

	As of		
	<u>9/30/2021</u>	<u>12/31/2020</u>	<u>9/30/2020</u>
	<u>(NT\$'000)</u>	<u>(NT\$'000)</u>	<u>(NT\$'000)</u>
Sales of goods	\$213,484	\$146,450	\$147,524
Customer loyalty programs	11,174	15,281	15,300
Total	<u>\$224,658</u>	<u>\$161,731</u>	<u>\$162,824</u>

The significant changes in the Group's balances of contract liabilities for the nine-month periods ended September 30, 2021 are as follows:

	<u>Sales of goods</u>	<u>Customer loyalty programs</u>
The opening balance transferred to revenue	\$(79,617)	\$(15,281)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	146,651	11,174

The significant changes in the Group's balances of contract liabilities for the nine-month periods ended September 30, 2020 are as follows:

	<u>Sales of goods</u>	<u>Customer loyalty programs</u>
The opening balance transferred to revenue	\$(57,295)	\$(14,848)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	147,041	15,300

(22) Expected credit losses (gains)

	<u>For the three-month period ended September 30,</u>		<u>For the nine-month period ended September 30,</u>	
	2021	2020	2021	2020
	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)
Operating expenses – Expected credit losses (gains)				
Account receivables	\$1,497	\$14,096	\$13,227	\$11,950

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

The Group measures the loss allowance of its contract assets and trade receivables (including note receivables and trade receivables) at an amount equal to lifetime expected credit losses. The assessment of the Group's loss allowance are as follow:

A. The Group considers the grouping of trade receivables by counterparties' credit rating, by geographical region and by industry sector and its loss allowance is measured by using a provision matrix. Details are as follow.

As of September 30, 2021,

Group 1	Not past due (Note) (NT\$'000)	Past due					Total (NT\$'000)
		<=30 days (NT\$'000)	31-60 days (NT\$'000)	61-90 days (NT\$'000)	91-120 days (NT\$'000)	>=121 days (NT\$'000)	
		Gross carrying amount	\$4,897,545	\$98,696	\$216	\$-	
Loss ratio	0.11%	5%	15%	30%	50%	75%	
Lifetime expected credit losses	(5,288)	(4,935)	(32)	-	-	(15,862)	(26,117)
Subtotal	4,892,257	93,761	184	-	-	5,287	4,991,489
Group 2	Not past due (Note) (NT\$'000)	Past due					Total (NT\$'000)
		<=30 days (NT\$'000)	31-60 days (NT\$'000)	61-90 days (NT\$'000)	91-120 days (NT\$'000)	>=121 days (NT\$'000)	
Gross carrying amount	\$708,880	\$10,618	\$-	\$-	\$-	\$-	\$719,498
Loss ratio	0.99%	1%	0%	0%	0%	0%	
Lifetime expected credit losses	(7,009)	(106)	-	-	-	-	(7,115)
Subtotal	701,871	10,512	-	-	-	-	712,383
Carrying amount of trade receivables	\$5,594,128	\$104,273	\$184	\$-	\$-	\$5,287	\$5,703,872

As of December 31, 2020,

Group 1	Not past due (Note) (NT\$'000)	Past due					Total (NT\$'000)
		<=30 days (NT\$'000)	31-60 days (NT\$'000)	61-90 days (NT\$'000)	91-120 days (NT\$'000)	>=121 days (NT\$'000)	
		Gross carrying amount	\$3,656,542	\$162,200	\$7,759	\$16,081	
Loss ratio	-%	5%	15%	30%	50%	75%	
Lifetime expected credit losses	-	(8,110)	(1,164)	(4,824)	-	-	(14,098)
Subtotal	3,656,542	154,090	6,595	11,257	-	-	3,828,484

Group 2	Not past due (Note) (NT\$'000)	Past due					Total (NT\$'000)
		<=30 days (NT\$'000)	31-60 days (NT\$'000)	61-90 days (NT\$'000)	91-120 days (NT\$'000)	>=121 days (NT\$'000)	
		Gross carrying amount	\$570,762	\$9,870	\$-	\$-	
Loss ratio	1.02%	1%	0%	0%	0%	0%	
Lifetime expected credit losses	(5,818)	(99)	-	-	-	-	(5,917)
Subtotal	564,944	9,771	-	-	-	-	574,715
Carrying amount of trade receivables	\$4,221,486	\$163,861	\$6,595	\$11,257	\$-	\$-	\$4,403,199

As of September 30, 2020,

Group 1	Not past due (Note) (NT\$'000)	Past due					Total (NT\$'000)
		<=30 days (NT\$'000)	31-60 days (NT\$'000)	61-90 days (NT\$'000)	91-120 days (NT\$'000)	>=121 days (NT\$'000)	
		Gross carrying amount	\$3,267,031	\$503,860	\$53,199	\$47	
Loss ratio	0.00%	5%	15%	30%	50%	75%	
Lifetime expected credit losses	(88)	(25,193)	(7,980)	(14)	-	-	(33,275)
Subtotal	3,266,943	478,667	45,219	33	-	-	3,790,862

Group 2	Not past due (Note) (NT\$'000)	Past due					Total (NT\$'000)
		<=30 days (NT\$'000)	31-60 days (NT\$'000)	61-90 days (NT\$'000)	91-120 days (NT\$'000)	>=121 days (NT\$'000)	
		Gross carrying amount	\$413,673	\$-	\$-	\$-	
Loss ratio	1.16%	0%	0%	0%	0%	0%	
Lifetime expected credit losses	(4,815)	-	-	-	-	-	(4,815)
Subtotal	408,858	-	-	-	-	-	408,858
Carrying amount of trade receivables	\$3,675,801	\$478,667	\$45,219	\$33	\$-	\$-	\$4,199,720

Note: all the Group's note receivables were not past due.

B. The movement in the provision for impairment of note receivables and accounts receivable during the nine-month periods ended September 30, 2021 and 2020 is as follows:

	Note receivables (NT\$'000)	Account receivables (NT\$'000)
Beginning balance as of January 1, 2021	\$-	\$20,015
Addition/(reversal) for the current period	-	13,227
Effect of exchange rate	-	(10)
Ending balance as of September 30, 2021	\$-	\$33,232

	Note receivables (NT\$'000)	Account receivables (NT\$'000)
Beginning balance as of January 1, 2020	\$-	\$26,144
Addition/(reversal) for the current period	-	11,950
Effect of exchange rate	-	(4)
Ending balance as of September 30, 2020	\$-	\$38,090

(23) Leases

A. Group as a lessee

The Group leases various property (land and buildings), machinery and equipment, transportation equipment. These leases have terms of between 1 and 50 years. The Group may not allow to privately lend, sublease, sell, use by others in other disguised form, or transfer the lease to another person.

The effect that leases have on the financial position, financial performance and cash flows of the Group are as follow:

(a) Amounts recognized in the balance sheet

a. Right-of-use asset

The carrying amount of right-of-use asset

	Land (NT\$'000)	Buildings (NT\$'000)	Machinery and equipment (NT\$'000)	Transportation equipment (NT\$'000)	Total (NT\$'000)
Cost:					
As of 1/1/2021	\$277,004	\$164,586	\$17,793	\$2,490	\$461,873
Addition	-	176,236	-	-	176,236
Disposals	-	(147,487)	(17,793)	(2,490)	(167,770)
Reclassification	-	-	-	-	-
Effect of EX rate	(5,530)	(501)	-	-	(6,031)
As of 9/30/2021	<u>\$271,474</u>	<u>\$192,834</u>	<u>\$-</u>	<u>\$-</u>	<u>\$464,308</u>
As of 1/1/2020	\$285,201	\$276,415	\$17,793	\$2,490	\$581,899
Addition	-	62,408	-	-	62,408
Disposals	-	(161,880)	-	-	(161,880)
Reclassification	-	-	-	-	-
Effect of EX rate	(5,450)	(86)	-	-	(5,536)
As of 9/30/2020	<u>\$279,751</u>	<u>\$176,857</u>	<u>\$17,793</u>	<u>\$2,490</u>	<u>\$476,891</u>
Depreciation and impairment:					
As of 1/1/2021	\$72,006	\$62,519	\$13,776	\$1,840	\$150,141
Depreciation	4,176	35,552	4,017	53	43,798
Disposal	-	(59,627)	(17,793)	(1,893)	(79,313)
Reclassification	-	-	-	-	-
Effect of EX rate	(1,486)	(338)	-	-	(1,824)
As of 9/30/2021	<u>\$74,696</u>	<u>\$38,106</u>	<u>\$-</u>	<u>\$-</u>	<u>\$112,802</u>
As of 1/1/2020	\$68,656	\$123,449	\$6,888	\$815	\$199,808
Depreciation	5,170	93,927	5,166	769	105,032

Disposal	-	(157,534)	-	-	(157,534)
Reclassification	-	-	-	-	-
Effect of EX rate	(1,424)	(10)	-	-	(1,434)
As of 9/30/2020	<u>\$72,402</u>	<u>\$59,832</u>	<u>\$12,054</u>	<u>\$1,584</u>	<u>\$145,872</u>
<u>Net carrying amount:</u>					
As of 9/30/2021	<u>\$196,778</u>	<u>\$154,728</u>	<u>\$-</u>	<u>\$-</u>	<u>\$351,506</u>
As of 12/31/2020	<u>\$204,998</u>	<u>\$102,067</u>	<u>\$4,017</u>	<u>\$650</u>	<u>\$311,732</u>
As of 9/30/2020	<u>\$207,349</u>	<u>\$117,025</u>	<u>\$5,739</u>	<u>\$906</u>	<u>\$331,019</u>

b. Lease liability

	As of		
	9/30/2021	12/31/2020	9/30/2020
	(NT\$'000)	(NT\$'000)	(NT\$'000)
Lease liability	<u>\$157,297</u>	<u>\$106,246</u>	<u>\$124,817</u>
Current	\$48,939	\$41,846	\$49,871
Non-current	108,358	64,400	74,946
Total	<u>\$157,297</u>	<u>\$106,246</u>	<u>\$124,817</u>

Please refer to Note 6(25) (D) for the interest on lease liability recognized for the three-month and nine-month period ended September 30, 2021 and 2020, and refer to Note 12(5) for the maturity analysis for lease liabilities as at September 30, 2021, December 31, 2020 and September 30, 2020.

(b) Income and costs relating to leasing activities

	For the three-month		For the nine-month	
	period ended September 30,		period ended September 30,	
	2021	2020	2021	2020
	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)
The expense relating to short-term leases (rent expenses)	\$(36,835)	\$(23,864)	\$(108,291)	\$(35,637)
The expense relating to leases of low-value assets (Not including the expense relating to short-term leases of low-value assets)	(322)	(153)	(1,650)	(724)
Income from subleasing right-of-use assets	-	135	212	577

As of September 30, 2021, December 31, 2020, and September 30, 2020, the portfolio of short-term leases of the Group to which it is committed at the end of the reporting period is dissimilar to the portfolio of short-term leases to which the short-term lease expense disclosed above and the amount of its lease commitments is NT\$0.

For the three-month periods ended September 30, 2021 and 2020, the Group recognized NT\$2,242 thousand and NT\$2,371 thousand as income to account the rent concession arising as a direct consequence of the covid-19 pandemic as a variable lease payment; For the nine-month periods ended September 30, 2021 and 2020, the Group recognized NT\$2,256 thousand and NT\$5,705 thousand as income to account the rent concession arising as a direct consequence of the covid-19 pandemic as a variable lease payment.

(c) Cash outflow relating to leasing activities

During the nine-month period ended September 30, 2021 and 2020, the Group's total cash outflow for leases amounting to NT\$146,781 thousand and NT\$142,884 thousand, respectively.

B. Group as a lessor

The Group has entered leases on plants. These leases have terms of between one and three years. These leases are classified as operating leases as they do not transfer substantially all the risks and rewards incidental to ownership of underlying assets.

	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2021	2020	2021	2020
	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)
Lease income for operating leases				
Income relating to fixed lease payments	\$1,219	\$13,272	\$7,737	\$37,797

For operating leases entered by the Group, the undiscounted lease payments to be received and a total of the amounts for the remaining years as of September 30, 2021, December 31, 2020 and September 30, 2020 are as follow:

	As of		
	9/30/2021	12/31/2020	9/30/2020
	(NT\$'000)	(NT\$'000)	(NT\$'000)
Less than one year	\$564	\$42,602	\$42,823
More than one year but less than five years	-	35,316	45,910
Total	\$564	\$77,918	\$88,733

(24) Summary statement of employee benefits, depreciation and amortization by function is as follows:

Function Nature	For the three-month period ended September 30, 2021 (NT\$'000)			For the three-month period ended September 30, 2020 (NT\$'000)		
	Cost of goods sold	Operating expense	Total	Cost of goods sold	Operating expense	Total
Employee benefit						
Salaries & wages	\$1,424,164	\$597,967	\$2,022,131	\$1,041,980	\$254,719	\$1,296,699
Labor and health insurance	91,633	21,500	113,133	78,865	18,738	97,603

Pension	34,452	11,468	45,920	31,613	10,153	41,766
Other employee benefit	63,765	17,505	81,270	53,423	12,316	65,739
Depreciation	1,002,168	105,351	1,107,519	1,007,952	80,498	1,088,450
Amortization	61	12,603	12,664	27	8,052	8,079

Nature \ Function	For the nine-month period ended September 30, 2021 (NT\$'000)			For the nine-month period ended September 30, 2020 (NT\$'000)		
	Cost of goods sold	Operating expenses	Total	Cost of goods sold	Operating expenses	Total
Employee benefit						
Salaries & wages	\$3,881,532	\$1,279,954	\$5,161,486	\$3,003,079	\$758,351	\$3,761,430
Labor and health insurance	271,174	60,744	331,918	218,511	54,916	273,427
Pension	100,595	33,014	133,609	85,066	29,334	114,400
Other employee benefit	172,074	47,787	219,861	150,093	34,788	184,881
Depreciation	2,931,811	265,676	3,197,487	3,061,901	243,572	3,305,473
Amortization	184	34,524	34,708	40	30,098	30,138

According to the resolution, not lower than 10% of profit of the current year is distributable as employees' compensation and no higher than 1% of profit of the current year is distributable as remuneration to directors and supervisors. However, the Company's accumulated losses shall have been covered.

The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition, a report of such distribution is submitted to the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

Based on profit of the nine-month period ended September 30, 2021, the Company estimated the amounts of the employees' compensation and remuneration to directors and supervisors for the nine-month period ended September 30, 2021 to be not lower than 10% and not higher than 1% of profit of the current nine-month period, respectively, recognized as employee benefits expense. As such, employees' compensation and remuneration to directors and

supervisors for the three-month period ended September 30, 2021 amounted to NT\$212,052 thousand and NT\$12,369 thousand, respectively, and, for the nine-month period ended September 30, 2021, NT\$373,771 thousand and NT\$22,213 thousand, respectively. The employees' compensation and remuneration to directors and supervisors were recognized as salaries.

Based on profit of the nine-month period ended September 30, 2020, the Company estimated the amounts of the employees' compensation and remuneration to directors and supervisors for the nine-month period ended September 30, 2020 to be not lower than 10% and not higher than 1% of profit of the current nine-month period, respectively, recognized as employee benefits expense. As such, employees' compensation and remuneration to directors and supervisors for the three-month period ended September 30, 2020 amounted to NT\$13,916 thousand and NT\$847 thousand, respectively, and, for the nine-month period ended September 30, 2020, NT\$54,496 thousand and NT\$3,317 thousand, respectively. The employees' compensation and remuneration to directors and supervisors were recognized as salaries.

The Company's Board of Directors' meeting has determined the employees' compensation and directors' remuneration, all in cash, to be NT\$70,857 thousand and NT\$4,313 thousand, respectively, in a meeting held on January 29, 2021. No material differences exist between the estimated amount and the actual distribution of the employee compensation and remuneration to directors and supervisors for the year ended December 31, 2020.

For the year ended December 31, 2019, the Company incurred accumulated loss and therefore did not to accrue the employees' compensation and remuneration to directors and supervisors.

(25) Non-operating incomes and expenses

A. Interest incomes

	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2021 (NT\$'000)	2020 (NT\$'000)	2021 (NT\$'000)	2020 (NT\$'000)
Interest income				
Financial assets measured at amortized cost	\$7,531	\$8,880	\$25,409	\$33,201

B. Other incomes

	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2021	2020	2021	2020
	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)
Government grants	\$2,221	\$867	\$5,967	\$2,260
Other income – others	143,402	49,346	180,026	142,735
Total	<u>\$145,623</u>	<u>\$50,213</u>	<u>\$185,993</u>	<u>\$144,995</u>

C. Other gains and losses

	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2021	2020	2021	2020
	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)
Gain from disposal of property, plant and equipment	\$3,922	\$13,001	\$12,432	\$11,730
Foreign exchange gain (loss), net	22,889	(32,514)	(984)	(34,007)
Gains on lease modification	2	(34)	686	21
Net gain of financial assets at fair value through profit	315	1,262	1,632	4,391
Impairment losses – Property, plant and equipment	(7,754)	(5,395)	(13,861)	(5,395)
Other losses	(3,992)	(15,345)	(10,775)	(18,426)
Total	<u>\$15,382</u>	<u>\$(39,025)</u>	<u>\$(10,870)</u>	<u>\$(41,686)</u>

D. Finance costs

	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2021	2020	2021	2020
	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)
Interest on bank loans	\$23,565	\$13,857	\$54,371	\$61,355
Interests on lease liabilities	398	356	976	1,290
Total	<u>\$23,963</u>	<u>\$14,213</u>	<u>\$55,347</u>	<u>\$62,645</u>

(26) Components of other comprehensive income (OCI)

For the three-month period ended September 30, 2021

	Arising during the period (NT\$'000)	Reclassification during the period (NT\$'000)	Subtotal (NT\$'000)	Income tax benefit (expense) (NT\$'000)	OCI, Net of tax (NT\$'000)
<u>To be reclassified to profit or loss in subsequent period:</u>					
Exchange differences arising on translation of foreign operations	\$ (10,446)	\$-	\$ (10,446)	\$-	\$ (10,446)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	65	-	65	-	65
Total OCI	\$ (10,381)	\$-	\$ (10,381)	\$-	\$ (10,381)

For the three-month period ended September 30, 2020

	Arising during the period (NT\$'000)	Reclassification during the period (NT\$'000)	Subtotal (NT\$'000)	Income tax benefit (expense) (NT\$'000)	OCI, Net of tax (NT\$'000)
<u>To be reclassified to profit or loss in subsequent period:</u>					
Exchange differences arising on translation of foreign operations	\$ 20,162	\$-	\$ 20,162	\$-	\$ 20,162
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(2,125)	-	(2,125)	-	(2,125)
Total OCI	\$ 18,037	\$-	\$ 18,037	\$-	\$ 18,037

For the nine-month period ended September 30, 2021

	Arising during the period (NT\$'000)	Reclassification during the period (NT\$'000)	Subtotal (NT\$'000)	Income tax benefit (expense) (NT\$'000)	OCI, Net of tax (NT\$'000)
<u>To be reclassified to profit or loss in subsequent period:</u>					
Exchange differences arising on translation of foreign operations	\$ (54,190)	\$-	\$ (54,190)	\$-	\$ (54,190)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(1,413)	-	(1,413)	-	(1,413)
Total OCI	<u>\$ (55,603)</u>	<u>\$-</u>	<u>\$ (55,603)</u>	<u>\$-</u>	<u>\$ (55,603)</u>

For the nine-month period ended September 30, 2020

	Arising during the period (NT\$'000)	Reclassification during the period (NT\$'000)	Subtotal (NT\$'000)	Income tax benefit (expense) (NT\$'000)	OCI, Net of tax (NT\$'000)
<u>To be reclassified to profit or loss in subsequent period:</u>					
Exchange differences arising on translation of foreign operations	\$ (31,205)	\$-	\$ (31,205)	\$-	\$ (31,205)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(3,515)	-	(3,515)	-	(3,515)
Total OCI	<u>\$ (34,720)</u>	<u>\$-</u>	<u>\$ (34,720)</u>	<u>\$-</u>	<u>\$ (34,720)</u>

(27) Income tax

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

Income tax expense (benefit) recognized in profit or loss

	For the three-month		For the nine-month	
	period ended September 30,		period ended September 30,	
	2021	2020	2021	2020
	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)
Current income tax expense (benefit):				
Current income tax expense	\$242,775	\$39,838	\$448,242	\$127,930
Adjustments in respect of current income tax of prior periods	(9,834)	949	(19,534)	(8,433)
Deferred tax expense (benefit):				
Deferred tax expense (benefit) relating to origination and reversal of temporary differences	812	711	1,713	3,575
Total income tax expense	\$233,753	\$41,498	\$430,421	\$123,072

B. The assessment of income tax return

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

	<u>The assessment of income tax returns</u>
The Company	Assessed and approved up to 2019.
Subsidiary - Pegavision Corporation	Assessed and approved up to 2019.
Subsidiary - Kinsus Investment Co., Ltd.	Assessed and approved up to 2019.
Subsidiary - Aquamax Corporation	The first-time assessment of 2020 has not yet been approved.
Subsidiary - Mayin Investment Co., Ltd.	The registration was completed at August 19, 2021. So there is no income tax declaration.

(28) Earnings per share

Basic earnings per share is calculated by dividing net profit for the year attributable to the common shareholders of the parent entity by the weighted average number of common shares outstanding during the year.

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

A. Basic earnings per share

	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2021	2020	2021	2020
Net income available to common shareholders of the parent (in NT\$'000)	<u>\$1,384,821</u>	<u>\$59,154</u>	<u>\$2,495,852</u>	<u>\$371,936</u>
Weighted average number of common shares outstanding (in thousand shares)	<u>450,579</u>	<u>449,268</u>	<u>450,579</u>	<u>449,268</u>
Basic earnings per share (in NT\$)	<u>\$3.07</u>	<u>\$0.13</u>	<u>\$5.54</u>	<u>\$0.83</u>

B. Diluted earnings per share

	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2021	2020	2021	2020
Net income available to common shareholders of the parent (in NT\$'000)	<u>\$1,384,821</u>	<u>\$59,154</u>	<u>\$2,495,852</u>	<u>\$371,936</u>

Net income available to common shareholders of the parent after dilution (in NT\$'000)	<u>\$1,384,821</u>	<u>\$59,154</u>	<u>\$2,495,852</u>	<u>\$371,936</u>
Weighted average number of common shares outstanding (in thousand shares)	450,579	449,268	450,579	449,268
Effect of dilution:				
Employee bonus – stock (in thousand shares)	1,947	827	1,947	827
Restricted stocks (in thousand shares)	-	935	-	935
Weighted average number of common shares outstanding after dilution (in thousand shares)	<u>452,526</u>	<u>451,030</u>	<u>452,526</u>	<u>451,030</u>
Diluted earnings per share (in NT\$)	<u>\$3.06</u>	<u>\$0.13</u>	<u>\$5.52</u>	<u>\$0.82</u>

No other transactions that would significantly change the outstanding common shares or potential common shares incurred during the period after reporting date and up to the approval date of financial statements.

(29) Subsidiary that has material non-controlling interests

Proportion of equity interest held by non-controlling interests:

Name	Country	As of		
		9/30/2021	12/31/2020	9/30/2020
PIOTEK HOLDINGS LTD. and its subsidiary	China	49.00%	49.00%	49.00%
Pegavision Corporation and its subsidiary	Taiwan	69.67%	69.67%	69.67%

Accumulated balances of material non-controlling interest:

	As of		
	9/30/2021 (NT\$'000)	12/31/2020 (NT\$'000)	9/30/2020 (NT\$'000)
PIOTEK HOLDINGS LTD. and its subsidiary	\$159,886	\$318,252	\$360,066
Pegavision Corporation and its subsidiary	\$3,588,654	\$3,201,655	\$3,004,134

Profit (loss) allocated to material non-controlling interest:

	For the nine-month period ended September 30,	
	2021 (NT\$'000)	2020 (NT\$'000)
PIOTEK HOLDINGS LTD. and its subsidiary	\$(152,522)	\$(75,808)
Pegavision Corporation and its subsidiary	\$613,942	\$302,447

The summarized financial information of this subsidiary is provided below. This information is based on amounts before inter-company eliminations.

Summarized PIOTEK HOLDINGS LTD. and its subsidiary information of profit or loss is as follows:

	For the nine-month period ended September 30,	
	2021 (NT\$'000)	2020 (NT\$'000)
Operating revenue	\$1,794,411	\$1,483,593
Profit/loss from continuing operation	(311,240)	(154,718)
Total comprehensive income for the period	(323,159)	(176,649)

Summarized Pegavision Corporation and its subsidiary information of profit or loss is as follows:

	For the nine-month period ended September 30,	
	2021	2020
	(NT\$'000)	(NT\$'000)
Operating revenue	\$4,040,567	\$2,565,170
Profit/loss from continuing operation	881,268	434,138
Total comprehensive income for the period	873,213	433,485

Summarized PIOTEK HOLDINGS LTD. and its subsidiary information of financial position is as follows:

	As of		
	9/30/2021	12/31/2020	9/30/2020
	(NT\$'000)	(NT\$'000)	(NT\$'000)
Current assets	\$1,375,780	\$1,146,983	\$1,296,490
Non-current assets	990,949	1,115,410	1,185,446
Current liabilities	1,413,302	996,237	1,698,656
Non-current liabilities	627,094	616,664	48,447

Summarized Pegavision Corporation and its subsidiary information of financial position is as follows:

	As of		
	9/30/2021	12/31/2020	9/30/2020
	(NT\$'000)	(NT\$'000)	(NT\$'000)
Current assets	\$3,056,607	\$2,890,778	\$2,653,508
Non-current assets	5,246,898	3,525,253	3,246,500
Current liabilities	2,893,126	1,716,966	1,487,198
Non-current liabilities	268,951	103,350	100,600

Summarized PIOTEK HOLDINGS LTD. and its subsidiary cash flows information is as follows:

	For the nine-month period ended September 30,	
	2021 (NT\$'000)	2020 (NT\$'000)
Operating activities	\$(105,990)	\$(78,282)
Investing activities	(37,280)	(19,729)
Financing activities	209,742	129,891
Net increase/(decrease) in cash and cash equivalents	78,356	44,794

Summarized Pegavision Corporation and its subsidiary cash flows information is as follows:

	For the nine-month period ended September 30,	
	2021 (NT\$'000)	2020 (NT\$'000)
Operating activities	\$1,950,568	\$927,908
Investing activities	(1,338,080)	(455,526)
Financing activities	(214,010)	(144,408)
Net increase/(decrease) in cash and cash equivalents	389,905	327,369

7. RELATED PARTY TRANSACTIONS

(1) Deal with related parties as of the end of the reporting period

Related parties and Relationship

Related parties	Relationship
Pegatron Corporation	Parent company
FuYang Technology Corp.	Associate
AzureWave Technologies, Inc	Other related parties
AzureWave Technologies (Shanghai) Inc.	Other related parties
PEGATRON JAPAN INC	Other related parties
Maintek Computer (Suzhou) Co., Ltd	Other related parties
GNDC Co., Ltd.	Other related parties

DIGITEK (CHONGQING) LIMITED	Other related parties
COTEK ELECTRONICS(SUZHOU) CO., LTD.	Other related parties
ASIAROCK TECHNOLOGY LIMITED	Other related parties
PEGATRON CZECH S.R.O	Other related parties
ASROCK RACK INCORPORATION	Other related parties

(2) Significant transactions with related parties

A. Sales to

	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2021 (NT\$'000)	2020 (NT\$'000)	2021 (NT\$'000)	2020 (NT\$'000)
Parent company	\$234	\$1,148	\$1,225	\$7,117
Other related parties	14,435	57,838	72,583	198,682
Total	\$14,669	\$58,986	\$73,808	\$205,799

Selling prices and collection terms to related parties are similar to those to third party customers for the nine-month periods ended September 30, 2021 and 2020. The collection terms are 30 to 90 days from the end of delivery month by telegraphic transfer.

B. Lease-related parties

(a) Right-of-use asset

Related parties	Nature	As of		
		9/30/2021 (NT\$'000)	12/31/2020 (NT\$'000)	9/30/2020 (NT\$'000)
Other related parties	Buildings	\$-	\$635	\$844

(b) Lease liability

	As of		
	9/30/2021	12/31/2020	9/30/2020
Related parties	(NT\$'000)	(NT\$'000)	(NT\$'000)
Other related parties	\$-	\$643	\$854

(c) Lease payment (Rental expense)

Related parties	Nature of lease	For the three-month		For the nine-month	
		period ended September 30,			
		2021	2020	2021	2020
		(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)
Parent company	Various facilities	\$-	\$156	\$-	\$625
Parent company	Buildings	25,212	7,673	75,635	7,673
Total		\$25,212	\$7,829	\$75,635	\$8,298

(d) Interest expense

Related parties	For the three-month		For the nine-month	
	period ended September 30,			
	2021	2020	2021	2020
	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)
Parent company	\$-	\$9	\$-	\$248
Other related parties	-	3	3	12
Total	\$-	\$12	\$3	\$260

C. For the nine-month periods ended September 30, 2021 and 2020, the Group recognized operating expenses of NT\$140 thousand and NT\$2,160 thousand, respectively, for services provided by other related parties.

Moreover, for the nine-month periods ended September 30, 2021 and 2020, the Group recognized operating expenses of NT\$249 thousand and NT\$279 thousand (tax included), respectively, for services provided by the Parent.

In addition, for the nine-month periods ended September 30, 2021 and 2020, the Group incurred operating expenses of NT\$72,726 thousand and NT\$54,397 thousand (tax included), respectively, for utility bills paid by the Parent on behalf of the Group.

For the nine-month periods ended September 30, 2021 and 2020, the Group recognized operating expense of NT\$224 thousand and NT\$1,978 thousand, respectively, due to subcontracting maintenance and repair on factories to its associate.

D. For the nine-month periods ended September 30, 2021 and 2020, the Group recognized rent income of NT\$879 thousand and NT\$712 thousand, respectively, for plants leased to other related parties.

For the nine-month periods ended September 30, 2021 and 2020, the Group recognized rent income of NT\$3,538 thousand and NT\$32,521 thousand, respectively, for plants leased to the associate.

E. For the nine-month periods ended September 30, 2021 and 2020, the Group recognized other income of NT\$361 thousand and NT\$16,268 thousand, respectively, due to paying utilities on behalf of associate.

F. For the nine-month periods ended September 30, 2021, the Group recognized expense of NT\$3,422 thousand for providing services to other related parties.

G. Accounts receivable - related parties

	As of		
	9/30/2021	12/31/2020	9/30/2020
	(NT\$'000)	(NT\$'000)	(NT\$'000)
Parent company	\$524	\$1,240	\$2,834
Other related parties	19,488	23,622	57,439
Total	20,012	24,862	60,273
Less: loss allowance	-	-	-
Net	\$20,012	\$24,862	\$60,273

H. Other receivables

	As of		
	9/30/2021 (NT\$'000)	12/31/2020 (NT\$'000)	9/30/2020 (NT\$'000)
Associate	\$-	\$3,859	\$5,953
Other related parties	242	255	181
Total	\$242	\$4,114	\$6,134

I. Refundable deposits

	As of		
	9/30/2021 (NT\$'000)	12/31/2020 (NT\$'000)	9/30/2020 (NT\$'000)
Parent company	\$10,000	\$10,000	\$10,000
Other related parties	348	-	-
Total	\$10,348	\$10,000	\$10,000

J. Accrued expenses

	As of		
	9/30/2021 (NT\$'000)	12/31/2020 (NT\$'000)	9/30/2020 (NT\$'000)
Parent company	\$32,382	\$19,705	\$31,669
Associate	-	467	472
Other related parties	16	499	485
Total	\$32,398	\$20,671	\$32,626

K. Salaries and rewards to key management of the Group

	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2021 (NT\$'000)	2020 (NT\$'000)	2021 (NT\$'000)	2020 (NT\$'000)
Short-term employee benefits	\$15,972	\$9,643	\$41,092	\$36,582
Post-employee benefits	243	216	720	648
Total	\$16,215	\$9,859	\$41,812	\$37,230

8. PLEDGED ASSETS

The following assets of the Group are pledged as collaterals:

Item	Carrying Amount As of			Purpose
	9/30/2021 (NT\$'000)	12/31/2020 (NT\$'000)	9/30/2020 (NT\$'000)	
Property, plant and equipment – land	\$-	\$-	\$1,317,564	Long-term secured loans
Property, plant and equipment – buildings (carrying amount)	52,287	61,249	62,305	Long-term secured loans
Financial assets measured at amortized cost	43,381	44,110	-	Guarantee of provisional attachment
Refundable deposits	2,000	2,000	2,000	Security deposit to custom authority
Refundable deposits	2,535	-	-	Litigation deposit
Total	<u>\$100,203</u>	<u>\$107,359</u>	<u>\$1,381,869</u>	

9. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) The Group's unused letters of credit (LC) as of September 30, 2021 were as follows:

Currency	LC Amount (in thousand)	Security (in thousand)
JPY	JPY 8,788,601	\$-
USD	USD 6,586	-
EUR	EUR 3,785	-

(2) Details of significant constructions in progress and outstanding contracts of property, plant and equipment as of September 30, 2021 were as follows:

Nature of Contract	Contract Amount (NT\$'000)	Amount Paid (NT\$'000)	Outstanding Balance (NT\$'000)
Machinery and construction contracts	<u>\$5,765,502</u>	<u>\$2,766,040</u>	<u>\$2,999,462</u>

The above paid amount was recognized as construction in progress and equipment awaiting inspection.

(3) The Group has disputes with Wuxi Land Environmental Technology Co.,LTD. (“Wuxi Land Company” hereinafter) regarding the hazardous waste clean up and recycle contract. In June 2020, Wuxi Land Company filed a lawsuit and requested returning security deposit of RMB 1,000 thousand and prepayment of RMB 9,081 thousand. As of September 30, 2021, the Group received RMB 14,392 thousand from Wuxi Land Company, and the payment was listed under receipts in advance. Wuxi Land Company filed to freeze the advance receipt in August 2020. The People's Court of Huqiu District, Suzhou City ruled to freeze RMB 10,100 thousand, which the Group accounted for under restricted assets. As of October 28, 2021, the Group filed an appeal. The case is still pending in court. It is assessed that the aforementioned lawsuits have no significant impact on the Group.

(4) The Group has entered into a long-term sales agreement with its customer. The customer should fulfill its obligation of making a certain number of orders as agreed in the agreement and the Group shall provide the products to the customer pursuant to the agreement.

10. SIGNIFICANT DISASTER LOSS

None

11. SIGNIFICANT SUBSEQUENT EVENT

None

12. OTHERS

(1) Categories of financial instruments

Financial assets

	As of		
	9/30/2021 (NT\$'000)	12/31/2020 (NT\$'000)	9/30/2020 (NT\$'000)
Financial assets at fair value through profit or loss:			
Mandatorily measured at fair value through P/L	\$583,787	\$1,594,063	\$1,286,925
Financial assets at fair value through OCI	51,000	51,000	50,000
Financial assets measured at amortized cost:			
Cash and petty cash	12,930,274	11,664,932	11,035,106
Time deposit	20,058	423,057	623,057
Restricted deposits	43,381	44,110	-
Accounts receivable	5,703,872	4,403,199	4,199,720
Other receivables	309,693	145,275	449,496
Total	<u>\$19,642,065</u>	<u>\$18,325,636</u>	<u>\$17,644,304</u>

Financial liabilities

	As of		
	9/30/2021 (NT\$'000)	12/31/2020 (NT\$'000)	9/30/2020 (NT\$'000)
Financial liabilities at amortized cost:			
Short-term borrowings	\$2,669,440	\$2,640,307	\$3,389,386
Trade and other payables	9,133,301	6,338,434	5,580,179
Long-term borrowings (including current portion with maturity less than 1 year)	7,966,095	3,609,548	3,242,882
Lease liabilities (including current portion with maturity less than 1 year)	157,297	106,246	124,817
Total	<u>\$19,926,133</u>	<u>\$12,694,535</u>	<u>\$12,337,264</u>

(2) Objectives and policies of financial risk management

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

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

(3) Market risk

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

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

Foreign currency risk

The Group's exposure to foreign currency risk relates primarily to the Group's operating activities (when revenue or expense are denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign operations. The Group has certain foreign currency receivables denominated in the same foreign currency as certain foreign currency payables, therefore natural hedge is achieved. Thus, hedge accounting is not adopted.

Foreign currency sensitivity analysis of possible change in foreign exchange rates on the Group's profit/loss and equity is performed on significant monetary items denominated in foreign currencies as of the reporting period-end. The Group's foreign currency risk is mainly related to volatility in the exchange rates of US dollars. It is stated as follows:

If NT dollars appreciates/depreciates against US dollars by 1%, net income (loss) for the nine-month periods ended September 30, 2021 and 2020 would increase/decrease by NT\$20,712 thousand and NT\$2,142 thousand, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk relates primarily to the Group's investments with variable interest rates and loans with fixed and variable interest rates, which are all categorized as loans and receivables.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as of the end of the reporting period and presumed to be held for one accounting year, including investments and loans with variable interest rates. If interest rate increases/decreases by 0.1%, the net income (loss) for the nine-month periods ended September 30, 2021 and 2020 would decrease/increase by NT\$6,184 thousand and decrease/increase by NT\$3,854 thousand, respectively.

(4) Credit risk management

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

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit risk of all customers are assessed based on a comprehensive review of the customers' financial status, credit ratings from credit institutions, past transactions, current economic conditions and the Group's internal credit ratings. The Group also employs some credit enhancement instruments (e.g. prepayment or insurance) to reduce certain customers' credit risk.

As of September 30, 2021, December 31, 2020 and September 30, 2020, receivables from the top ten customers were accounted for 47.43%, 44.04% and 44.03% of the Group's total accounts receivable, respectively. The concentration of credit risk is relatively insignificant for the remaining receivables.

Credit risk from balances with banks and other financial instruments is managed by the Group's finance division in accordance with the Group's policy. The counterparties that the Group transacts with are determined by internal control procedures. They are banks with fine credit ratings and financial institutions, corporate and government agencies with investment-grade credit ratings. Thus, there is no significant default risk. Conclusively, no significant credit risk is expected by the Group.

The Group adopted IFRS 9 to assess the expected credit losses. Except for trade receivables, the remaining debt instrument investments which are not measured at fair value through profit or loss, low credit risk for these investments is a prerequisite upon acquisition and by using their credit risk as a basis for the distinction of categories. The Group makes an assessment at each reporting date as to whether the credit risk still meets the conditions of low credit risk and then further determines the method of measuring the loss allowance and the loss ratio.

Financial assets are written off when there is no realistic prospect of future recovery (the issuer or the debtor is in financial difficulties or bankruptcy).

(5) Liquidity risk management

The Group maintains financial flexibility using cash and cash equivalents, highly-liquid marketable securities, bank loans, etc. The table below summarizes the maturity profile of the Group's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted interest payment relating to borrowings with variable interest rates is extrapolated based on the estimated yield curve as of the end of the reporting period.

Non-derivative financial instruments

	Less than					More than		
	1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	5 years	Total	
	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)	
<u>As of September 30, 2021</u>								
Loans	\$3,459,018	\$772,240	\$1,002,826	\$1,835,907	\$1,724,859	\$2,114,664	\$10,909,514	
Payables	9,133,301	-	-	-	-	-	9,133,301	
Lease liabilities	50,196	40,327	28,032	18,045	9,956	13,999	160,555	

As of December 31, 2020

Loans	\$3,654,003	\$652,545	\$511,944	\$539,216	\$535,089	\$453,533	\$6,346,330
Payables	6,338,434	-	-	-	-	-	6,338,434
Lease liabilities	42,787	26,382	11,655	5,684	4,763	17,553	108,824

As of September 30, 2020

Loans	\$4,516,946	\$526,382	\$352,133	\$392,168	\$388,856	\$538,981	\$6,715,466
Payables	5,580,179	-	-	-	-	-	5,580,179
Lease liabilities	50,998	32,102	14,768	6,748	4,871	18,314	127,801

(6) Movement schedule of liabilities arising from financing activities

Movement schedule of liabilities for the nine-month period ended September 30, 2021:

	Short-term borrowings (NT\$'000)	Long-term borrowings (NT\$'000)	Refundable deposits (NT\$'000)	Leases liabilities (NT\$'000)	Total liabilities from financing activities (NT\$'000)
As of January 1, 2021	\$2,640,307	\$3,609,548	\$73,235	\$106,246	\$6,429,336
Cash flows	29,133	4,382,133	29,700	(36,840)	4,404,126
Non-cash changes					
Lease range changes	-	-	-	87,093	87,093
Interests on lease liabilities	-	-	-	976	976
Others	-	(12,776)	-	-	(12,776)
Currency rate change	-	(12,810)	-	(178)	(12,988)
As of September 30, 2021	<u>\$2,669,440</u>	<u>\$7,966,095</u>	<u>\$102,935</u>	<u>\$157,297</u>	<u>\$10,895,767</u>

Movement schedule of liabilities for the nine-month period ended September 30, 2020:

	Short-term borrowings (NT\$'000)	Long-term borrowings (NT\$'000)	Refundable deposits (NT\$'000)	Leases liabilities (NT\$'000)	Total liabilities from financing activities (NT\$'000)
As of January 1, 2020	\$4,096,101	\$3,046,550	\$43,836	\$172,080	\$7,358,567
Cash flows	(706,715)	229,361	25,873	(106,524)	(558,005)
Non-cash changes					

Lease range changes	-	-	-	58,041	58,041
Interests on lease liabilities	-	-	-	1,290	1,290
Others	-	(29,785)	-	-	(29,785)
Currency rate change	-	(3,244)	-	(70)	(3,314)
As of September 30, 2020	<u>\$3,389,386</u>	<u>\$3,242,882</u>	<u>\$69,709</u>	<u>\$124,817</u>	<u>\$6,826,794</u>

(7) Fair values of financial instruments

A. The evaluation methods and assumptions applied in determining the fair value

Fair value is the price that would be received to sell a financial asset or paid to transfer a financial liability in an orderly transaction between willing market participants (not under coercion or liquidation). The following methods and assumptions are used by the Group in estimating the fair values of financial assets and liabilities:

- (a) The carrying amount of cash and cash equivalents, receivables, payables and other current liabilities approximate their fair value due to their short maturity terms.
- (b) For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (e.g. listed equity securities, beneficiary certificates, bonds and futures etc.) at the report date.
- (c) Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).
- (d) Fair value of debt instruments without market quotations, bank loans, bonds payable and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the GreTai Securities Market, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)

B. Fair value of financial instruments measured at amortized cost

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

C. Fair value measurement hierarchy for financial instruments

Please refer to Note 12(8) for fair value measurement hierarchy for financial instruments of the Group.

(8) Fair value measurement hierarchy

A. Fair value measurement hierarchy

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

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

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

Level 3 – Unobservable inputs for the asset or liability

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

B. Fair value measurement hierarchy of the Group's assets and liabilities

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

As of September 30, 2021

	Level 1 (NT\$'000)	Level 2 (NT\$'000)	Level 3 (NT\$'000)	Total (NT\$'000)
<u>Financial assets:</u>				
Financial assets at fair value through profit or loss				
Funds	\$583,787	\$-	\$-	\$583,787
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	-	-	51,000	51,000

Financial liabilities:

None

As of December 31, 2020

	Level 1 (NT\$'000)	Level 2 (NT\$'000)	Level 3 (NT\$'000)	Total (NT\$'000)
<u>Financial assets:</u>				
Financial assets at fair value through profit or loss				
Funds	\$1,594,063	\$-	\$-	\$1,594,063
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	-	-	51,000	51,000

Financial liabilities:

None

As of September 30, 2020

	Level 1 (NT\$'000)	Level 2 (NT\$'000)	Level 3 (NT\$'000)	Total (NT\$'000)
<u>Financial assets:</u>				
Financial assets at fair value through profit or loss				
Funds	\$1,286,925	\$-	\$-	\$1,286,925
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	-	-	50,000	50,000

Financial liabilities:

None

Transfers between Level 1 and Level 2 during the period

For the nine-month period ended September 30, 2021 and 2020, there were no transfers between Level 1 and Level 2 fair value hierarchy.

Reconciliations for fair value measurement on a recurring basis in Level 3 hierarchy

For the nine-month period ended September 30, 2021 and 2020, there were not movement of fair value measurements.

(9) Significant financial assets and liabilities denominated in foreign currencies

Information regarding the Group's significant financial assets and liabilities denominated in foreign currencies was listed below: (In Thousands)

	As of					
	9/30/2021			12/31/2020		
	Foreign Currencies (\$'000)	Exchange Rate	NTD (NT\$'000)	Foreign Currencies (\$'000)	Exchange Rate	NTD (NT\$'000)
<u>Financial assets</u>						
Monetary items:						
USD	\$224,747	27.8742	\$6,264,652	\$159,309	28.4965	\$4,539,756
CNY	\$164,132	4.2952	\$704,976	\$185,771	4.3674	\$811,327
<u>Financial liabilities</u>						
Monetary items:						
USD	\$150,539	27.8560	\$4,193,428	\$121,365	28.4965	\$3,458,474
CNY	\$255,413	4.2952	\$1,097,045	\$189,148	4.3674	\$826,074
<u>As of</u>						
<u>9/30/2020</u>						
<u>Foreign Currencies (\$'000)</u>						
<u>Exchange Rate</u>						
<u>NTD (NT\$'000)</u>						
<u>Financial assets</u>						
Monetary items:						
USD	\$147,955	29.118	\$4,308,216			
CNY	\$177,184	4.2753	\$757,511			
<u>Financial liabilities</u>						
Monetary items:						
USD	\$140,614	29.115	\$4,093,987			
CNY	\$199,296	4.2753	\$852,045			

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

Foreign exchange gain/loss on monetary financial assets and liabilities is shown as below.

Foreign currency resulting in exchange gain or loss	For the nine-month period ended September 30,	
	2021 (NT\$'000)	2020 (NT\$'000)
USD	\$(4,550)	\$(37,907)
Other	3,566	3,900

(10) Capital management

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

13. ADDITIONAL DISCLOSURES

(1) Information on significant transactions

A. Financing provided to others: None.

B. Endorsement/Guarantee provided to others: Please refer to attachment 1.

C. Marketable securities held as of September 30, 2021 (excluding investments in subsidiaries, associates and joint ventures): Please refer to attachment 2.

D. Individual securities acquired or disposed of with accumulated amount of at least NT\$ 300 million or 20 percent of the paid-in capital for the nine-month period ended September 30, 2021: None.

E. Acquisition of individual real estate with amount of at least NT\$300 million or 20 percent of the paid-in capital for the nine-month period ended September 30, 2021: Please refer to attachment 3.

- F. Disposal of individual real estate with amount of at least NT\$100 million or 20 percent of the paid-in capital for the nine-month period ended September 30, 2021: None.
- G. Related party transactions with purchase or sales amount of at least NT\$100 million or 20 percent of the paid-in capital for the nine-month period ended September 30, 2021: Please refer to attachment 4.
- H. Receivables from related parties of at least NT\$100 million or 20 percent of the paid-in capital as of September 30, 2021: None.
- I. Derivative instrument transactions: None.
- J. Intercompany relationships and significant intercompany transactions for the nine-month period ended September 30, 2021: Please refer to attachment 10.

(2) Information on investees

- A. Investees over whom the Company exercises significant influence or control (excluding investees in Mainland China): Please refer to attachment 5.
- B. Investees over which the Company exercises control shall be disclosed of information under Note 13(1):
 - (a) Financing provided to others: None.
 - (b) Endorsement/Guarantee provided to others: None.
 - (c) Marketable securities held as of September 30, 2021 (excluding investments in subsidiaries, associates and joint ventures): Please refer to attachment 6.
 - (d) Individual securities acquired or disposed of with accumulated amount of at least NT\$300 million or 20 percent of the paid-in capital for the nine-month period ended September 30, 2021: Please refer to attachment 7.
 - (e) Acquisition of individual real estate with amount of at least NT\$300 million or 20 percent of the paid-in capital for the nine-month period ended September 30, 2021: None.

- (f) Disposal of individual real estate with amount of at least NT\$300 million or 20 percent of the paid-in capital for the nine-month period ended September 30, 2021: None.

- (g) Related party transactions with purchase or sales amount of at least NT\$100 million or 20 percent of the paid-in capital for the nine-month period ended September 30, 2021: Please refer to attachment 8.

- (h) Receivables from related parties of at least NT\$100 million or 20 percent of the paid-in capital as of September 30, 2021: Please refer to attachment 9.

- (i) Derivative instrument transactions: None.

(3) Information on investments in Mainland China:

A. Name of investee in China, main business, paid-in capital, method of investment, investment flows, percentage of ownership, investment gain or loss, carrying amount at the end of reporting period, inward remittance of earning or loss and the upper limit on investment in China:

(In Thousands of New Taiwan Dollars)

Name of Investee in China	Main Business	Paid-in Capital (NT\$'000)	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of Jan. 1, 2021 (NT\$'000)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of Sep. 30, 2021 (NT\$'000)	Profit/Loss of Investee (NT\$'000)	Percentage of Ownership (Direct or Indirect Investment)	Share of Profit/Loss (NT\$'000)	Carrying Amount as of Sep. 30, 2021 (NT\$'000)	Accumulated Inward Remittance of Earnings as of Sep. 30, 2021 (NT\$'000)	Accumulated Outflow of Investment from Taiwan to Mainland China as of Sep. 30, 2021 (NT\$'000)	Investment Amounts Authorized by Investment Commission, MOEA (NT\$'000)	Upper Limit on Investment in China by Investment Commission, MOEA (NT\$'000)
					Outflow (NT\$'000)	Inflow (NT\$'000)									
Kinsus Interconnect Technology Suzhou Corp.	Manufacturing and selling PCB (not high-density fine-line)	\$1,949,920 (Note 2)	(2)	\$1,949,920 (Note 2)	\$-	\$-	\$1,949,920 (Note 2)	\$398,920 (Note 2 and Note 4)	100%	\$398,920 (Note 2, Note 4 and Note 7)	\$2,061,782 (Note 2, Note 4 and Note 7)	\$-	\$1,949,920 (Note 2)	\$1,949,920 (Note 2)	No upper limit (Note 5)

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Kinsus Interconnect Technology Corp.

Notes to Consolidated Financial Statements (Continued)

Pirotek Computer (Suzhou) Co., Ltd.	Researching, developing, producing and selling electronic components, PCBs and related products and providing after-sale services	\$4,643,595 (Note 2)	(2)	\$2,625,539 (Note 2)	\$-	\$-	\$2,625,539 (Note 2)	\$(305,260) (Note 2 and Note 4)	51%	\$(155,683) (Note 2, Note 4 and Note 7)	\$132,297 (Note 2, Note 4 and Note 7)	\$-	\$2,625,539 (Note 2)	\$2,625,539 (Note 2)	
Xiang-Shuo (Suzhou) Trading Limited	Trading of PCB (not high-density fine-line) and material for related products	\$55,712 (Note 2)	(2)	\$55,712 (Note 2)	\$-	\$-	\$55,712 (Note 2)	\$(716) (Note 2 and Note 4)	100%	\$(716) (Note 2, Note 4 and Note 7)	\$58,062 (Note 2, Note 4 and Note 7)	\$-	\$55,712 (Note 2)	\$55,712 (Note 2)	
Pegavision Contact Lenses (Shanghai) Corporation	Selling medical equipment	\$112,559 (USD3,600)	(1)	\$112,559	\$-	\$-	\$112,559	\$(3,214) (Note 2 and Note 4)	30.33%	\$(975) (Note 2, Note 4 and Note 7)	\$30,709 (Note 2, Note 4 and Note 7)	\$-	\$112,559	\$112,559	\$3,084,857 (Note 6)

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Kinsus Interconnect Technology Corp.

Notes to Consolidated Financial Statements (Continued)

Gemvision Technology (Zhejiang) Limited	Selling medical equipment	\$94,494 (RMB22,000) (Note 2)	(3) (Note 3)	\$-	\$-	\$-	\$-	\$(14,926) (Note 2 and Note 4)	30.33%	\$(4,527) (Note 2, Note 4 and Note 7)	\$23,342 (Note 2, Note 4 and Note 7)	\$-	\$-	\$-
Pegavision (Jiangsu) Limited	producing and Selling medical equipment	\$85,620 (USD3,000) (Note 2)	(1)	\$-	\$85,620	\$-	\$85,620	\$(4,021) (Note 2 and Note 4)	30.33%	\$(1,220) (Note 2, Note 4 and Note 7)	\$24,474 (Note 2, Note 4 and Note 7)	\$-	\$85,620	\$85,620

Note 1: The investment methods are divided into the following three types, just indicate the types:

- (1) Go directly to the mainland for investment.
- (2) Reinvest in mainland China through a third-region company.
- (3) Other methods.

Note 2: Amounts in foreign currencies are translated into New Taiwan dollars using the exchange rates on the balance sheet date.

Note 3: Pegavision Contact Lenses (Shanghai) Corporation recognized the profit/loss and carrying amount of Gemvisoon Technology (Zhejiang) Limited.

Note 4: Gain/loss on investment is recognized based on the financial statements which were reviewed by the independent auditors of the parent company in Taiwan.

Note 5: The Company meets the conditions of corporate operation headquarter in the Principle of Evaluation for Investment and Technical Cooperation in Mainland China. Thus, there is no upper limit on investment amount.

Note 6: The upper limit on investment for Pegavision Contact Lenses (Shanghai) Corporation, Gemvisoon Technology (Zhejiang) Limited and Pegavision (Jiangsu) Limited is calculated as 60% of the net value of the recent financial statements reviewed by independent auditors of Pagavision Corporation.

Note 7: Transactions are eliminated upon preparation of consolidated financial statements.

B. Significant transactions with investees in China:

(a) Purchase and balances of related accounts payable as of September 30, 2021: Please refer to attachment 10 for details.

(b) Sale and balance of related accounts receivable as of September 30, 2021: Please refer to attachment 10 for details.

(c) Property transaction amounts and resulting gain or loss:

Variety	Related parties	Carrying Value	Price	Gain on disposal	Reference basis for price decision
Machinery	Kinsus Interconnect Technology Suzhou Corp	<u>\$247,416</u>	<u>\$285,972</u>	<u>\$38,556</u> (Note)	Negotiated price
Machinery	Kinsus Interconnect Technology Suzhou Corp	<u>\$14,156</u>	<u>\$25,285</u>	<u>\$11,129</u> (Note1)	Negotiated price

Note: For the year ended December 31, 2019, the Company wrote off NT\$38,556 thousand due to the unrealized gain on disposal of property, plant and equipment. As of September 30, 2021, unrealized gain on disposal of property, plant and equipment is NT\$16,249 thousand, and recongnized as the credit balance of investments accounted for using the equity method.

Note1: For the three-month ended March 31, 2021, the Company wrote off NT\$11,129 thousand due to the unrealized gain on disposal of property, plant and equipment. As of September 30, 2021, unrealized gain on disposal of property, plant and equipment is NT\$11,129 thousand, and recongnized as the credit balance of investments accounted for using the equity method.

(d) Ending balance of endorsements/guarantees or collateral provided and the purposes: None.

(e) Maximum balance, ending balance, interest rate range and total interest for current period from financing provided to others: None.

(f) Transactions that have significant impact on profit or loss of current period or the financial position, such as services provided or rendered: Please refer to attachment 10 for details.

(g) Above transactions are eliminated upon preparation of consolidated financial statements. Please refer to attachment 10 for details.

(4) Information on major shareholders:

Ownership of shares	Number of shares held	Ownership ratio
Name	(shares)	
Asus Investment Co., Ltd.	60,128,417	13.33%
Asustek Investment Co., Ltd.	58,233,091	12.91%
Asuspower Investment	55,556,221	12.32%
New Labor Pension Fund for the first time in 2020 fully authorize Nomura investment account	25,430,000	5.64%

14. OPERATING SEGMENT

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

IC Substrate: This segment produces and manufactures BGA substrates and sells the products to manufacturers of electronic products.

Printed Circuit Board (PCB): This segment produces and manufactures PCBs and sells the products to manufacturers of electronic products.

Optics: This segment produces, manufactures and sells contact lens.

No operating segments have been aggregated to form the above reportable operating segments.

The Group's operating segments adopts the same accounting policies as the ones in Note 4. Management monitors the operating results of its business units separately for decision-making on resource allocation and performance assessment. Segment performance is evaluated based on

operating profit or loss and measured consistently with methods applied to operating profit or loss in the consolidated financial statements.

(1) Segment income (loss), assets and liabilities

For the three-month period ended September 30, 2021

	IC Substrate (NTS'000)	PCB (NTS'000)	Optics (NTS'000)	Elimination (NTS'000)	Consolidated (NTS'000)
External customer	\$7,639,427	\$614,831	\$1,513,425	\$-	\$9,767,683
Inter-segment	-	-	-	-	-
Total revenue	<u>\$7,639,427</u>	<u>\$614,831</u>	<u>\$1,513,425</u>	<u>\$-</u>	<u>\$9,767,683</u>
Segment income (loss)	<u>\$1,342,714</u>	<u>\$(132,253)</u>	<u>\$361,457</u>	<u>\$-</u>	<u>\$1,571,918</u>

For the nine-month period ended September 30, 2021

	IC Substrate (NTS'000)	PCB (NTS'000)	Optics (NTS'000)	Elimination (NTS'000)	Consolidated (NTS'000)
External customer	\$19,884,233	\$1,794,224	\$4,040,567	\$-	\$25,719,024
Inter-segment	-	-	-	-	-
Total revenue	<u>\$19,884,233</u>	<u>\$1,794,224</u>	<u>\$4,040,567</u>	<u>\$-</u>	<u>\$25,719,024</u>
Segment income (loss)	<u>\$2,387,553</u>	<u>\$(311,549)</u>	<u>\$881,268</u>	<u>\$-</u>	<u>\$2,957,272</u>

For the three-month period ended September 30, 2020

	IC Substrate (NTS'000)	PCB (NTS'000)	Optics (NTS'000)	Elimination (NTS'000)	Consolidated (NTS'000)
External customer	\$5,300,617	\$562,980	\$1,008,337	\$-	\$6,871,934
Inter-segment	-	-	-	-	-
Total revenue	<u>\$5,300,617</u>	<u>\$562,980</u>	<u>\$1,008,337</u>	<u>\$-</u>	<u>\$6,871,934</u>
Segment income (loss)	<u>\$15,263</u>	<u>\$(33,504)</u>	<u>\$202,902</u>	<u>\$-</u>	<u>\$184,661</u>

For the nine-month period ended September 30, 2020

	IC Substrate (NT\$'000)	PCB (NT\$'000)	Optics (NT\$'000)	Elimination (NT\$'000)	Consolidated (NT\$'000)
External customer	\$15,503,926	\$1,481,356	\$2,565,170	\$-	\$19,550,452
Inter-segment	-	-	-	-	-
Total revenue	\$15,503,926	\$1,481,356	\$2,565,170	\$-	\$19,550,452
Segment income (loss)	\$321,419	\$(156,982)	\$434,138	\$-	\$598,575

Details of assets and liabilities under the Group's operating segments are as follows:

<u>Segment assets</u>	IC Substrate (NT\$'000)	PCB (NT\$'000)	Optics (NT\$'000)	Elimination (NT\$'000)	Consolidated (NT\$'000)
As of 09/30/2021	\$42,684,403	\$2,424,621	\$8,303,505	\$-	\$53,412,529
As of 12/31/2020	\$34,046,545	\$2,321,376	\$6,416,031	\$-	\$42,783,952
As of 09/30/2020	\$33,499,253	\$2,540,917	\$5,900,008	\$-	\$41,940,178
<u>Segment liabilities</u>	IC Substrate (NT\$'000)	PCB (NT\$'000)	Optics (NT\$'000)	Elimination (NT\$'000)	Consolidated (NT\$'000)
As of 09/30/2021	\$16,787,027	\$2,040,497	\$3,162,077	\$-	\$21,989,601
As of 12/31/2020	\$10,160,915	\$1,613,162	\$1,820,316	\$-	\$13,594,393
As of 09/30/2020	\$9,759,922	\$1,747,160	\$1,587,818	\$-	\$13,094,900

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Kinsus Interconnect Technology Corp. and Subsidiaries

Endorsement/Guarantee Provided to Others

For the nine-month period ended September 30, 2021

Attachment 1

(In Thousands of Foreign Currency / New Taiwan Dollars)

Endorsement/ Guarantee Provider		Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee secured by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Worth per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowed	Endorsement provided by parent company to subsidiaries	Endorsement provided by subsidiaries to parent company	Endorsement provided to entities in China
No. (Note 1)	Name	Name	Nature of Relationship										
-	-	-	-	-	\$-	\$-	\$-	\$-	-%	-	-	-	-

Note 1: Kinsus Interconnect Technology Corp. is coded "0".

Note 2: The endorsement and guaranteed amount of the Company and the consolidated subsidiary is NT\$127,804 thousand.

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Kinsus Interconnect Technology Corp. and Subsidiaries

Marketable Securities Held as of September 30, 2021

Attachment 2

(In Thousands of New Taiwan Dollars)

Name of Held Company	Type and Name of Marketable Securities	Relationship with the Issuer	Financial Statement Account	September 30, 2021			Fair Value	Note
				Shares / Units	Carrying Amount	Shareholding %		
Kinsus Interconnect Technology Corp.	Money market funds:							
	Mega Diamond Money Market Fund	-	Financial assets at fair value through profit or loss	21,355,432	257,508	-%	270,612	
	Jih Sun Money Market	-	Financial assets at fair value through profit or loss	17,776,549	255,443	-%	266,282	
	Subtotal				512,951		536,894	
	Add: Valuation adjustments of financial assets at fair value through profit or loss				23,943			
Total					536,894			

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Kinsus Interconnect Technology Corp. and Subsidiaries

Acquisition of Individual Real Estate with Amount of at Least NT\$ 300 million or 20% of the Paid-in Capital as of September 30, 2021

Attachment 3

(In Thousands of New Taiwan Dollars)

Acquiring Company	Name of Property	Transaction Date	Transaction Amount	Payment Status	Counter-party	Relationship	Prior Transaction of Related Counter-party				Price Reference	Purpose and Use of Acquisition	Other Terms
							Owner	Relationship with the Company	Transfer Date	Amount			
Kinsus Interconnect Technology Corp.	Land, houses and buildings	2021.02.05	<u>\$4,409,385</u>	By Contract	WINTEK CORPORATION	None	None	None	None	None	By Bidding	For production capacity expansion and company operation plan.	None

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Kinsus Interconnect Technology Corp. and Subsidiaries

Related Party Transactions with Purchase or Sales Amount of At least NT\$ 100 Million or 20% of the Paid-in Capital

For the nine-month period ended September 30, 2021

Attachment 4

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/ Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% to Total	Payment/ Collection Term	Unit Price	Payment/ Collection Term	Ending Balance	% to Total	
Kinsus Interconnect Technology Corp.	Kinsus Interconnect Technology Suzhou Corp.	Investee accounted for using equity method indirectly	Purchase	\$2,267,072	25.52%	Payment within 60 days from the end of delivery month	Specs of goods purchased are different from others. Cannot be reasonably compared.	Other vendors also enjoy payment within 30~90 days from the end of delivery month	Accounts payable \$(654,530)	(28.35)%	Note

Note: Transactions are eliminated when preparing the consolidated financial statements.

English Translation of Consolidated Financial Statements Originally Issued in Chinese
Kinsus Interconnect Technology Corp. and Subsidiaries
Investees over Which the Company Exercise Significant Influence or Control Directly or Indirectly (Excluding Investees in Mainland China)
As of September 30, 2021

Attachment 5
(In Thousands of Foreign Currency / New Taiwan Dollars)

Investor	Investee	Business Location	Main Business and Product	Original Investment Amount		Balance as of Sep. 30, 2021			Net Income (Loss) of the Investee	Share of Income (Loss) of the Investee	Note
				As of Dec. 31, 2020	As of Sep. 30, 2021	Shares	%	Carrying Value			
Kinsus Interconnect Technology Corp.	KINSUS CORP. (USA)	CA U.S.A.	Designing substrates, formulating marketing strategy analysis, developing new customers, researching and development new product technology	USD 500	USD 500	500,000	100.00%	\$67,700	\$8,719	\$8,719	Note
Kinsus Interconnect Technology Corp.	KINSUS HOLDING (SAMOA) LIMITED	Samoa	Investing activities	USD 166,309	USD 166,309	166,308,720	100.00%	\$2,267,787	\$242,442	\$223,972 (Note 3)	Note
Kinsus Interconnect Technology Corp.	Kinsus Investment Co., Ltd.	Taoyuan City	Investing activities	\$1,600,000 (Note 1)	\$1,600,000 (Note 1)	160,000,000	100.00%	\$2,566,788	\$295,556	\$295,556	Note
Kinsus Investment Co., Ltd.	Pegavision Corporation	Taoyuan City	Manufacturing medical equipment	\$252,455 (Note 2)	\$252,455 (Note 2)	21,233,736	30.33%	\$1,552,774	\$881,276	\$267,326	Note
Kinsus Investment Co., Ltd.	FuYang Technology Corp.	Hsinchu County	Electronic Parts and Components Manufacturing	\$929,422	\$929,422	64,176,872	35.65%	\$325,274	\$78,246	\$27,898	
KINSUS HOLDING (SAMOA) LIMITED	KINSUS HOLDING (CAYMAN) LIMITED	Cayman Islands	Investing activities	USD 72,000	USD 72,000	72,000,000	100.00%	USD 76,100	USD 14,295	USD 14,295	Note
KINSUS HOLDING (SAMOA) LIMITED	PIOTEK HOLDINGS LTD. (CAYMAN)	Cayman Islands	Investing activities	USD 94,309	USD 94,309	95,755,000	51.00%	USD 5,974	USD (11,091)	USD (5,656)	Note
PIOTEK HOLDINGS LTD. (CAYMAN)	PIOTEK HOLDING LIMITED	British Virgin Islands	Investing activities	USD 139,841	USD 139,841	139,840,790	100.00%	USD 11,714	USD (11,091)	USD (11,091)	Note
PIOTEK HOLDING LIMITED	PIOTEK (H.K.) TRADING LIMITED	Hong Kong	Trading activities	USD 26	USD 26	200,000	100.00%	USD 2,401	USD (133)	USD (133)	Note
Pegavision Corporation	PEGAVISION JAPAN INC.	JAPAN	Selling Medical facility	JPY 9,900	JPY 9,900	198	100.00%	\$56,543	\$15,833	\$15,833	Note
Pegavision Corporation	Aquamax Corporation	Taoyuan City	Selling Medical facility	\$40,000	\$-	-	-%	\$-	\$(4,609)	\$(26,011)	Note
Pegavision Corporation	Mayin Investment Co., Ltd.	Taoyuan City	Investing activities	\$-	\$120,003	12,000,000	100.00%	\$141,310	\$21,378	\$21,378	Note
Mayin Investment Co., Ltd.	Aquamax Corporation	Taoyuan City	Selling Medical facility	\$-	\$40,000	4,000,000	100.00%	\$32,773	\$(4,609)	\$21,402	Note
Mayin Investment Co., Ltd.	FacialBeau International Corporation	Taiwan	Selling cosmetic products	\$-	\$27,500	2,750,000	55.00%	\$27,489	\$(20)	\$(11)	Note
Aquamax Corporation	Aquamax Vision Corporation	U.S.A.	Selling Medical facility	USD 600	USD 1,100	11,000,000	100.00%	\$17,571	\$(11,177)	\$(11,177)	Note

Note: Transactions are eliminated when preparing the consolidated financial statements.

Note 1: The Company's original investment in Kinsus Investment Co., Ltd. was NT\$500,000 thousand. Kinsus Investment Co., Ltd. reduced capital by NT\$102,000 thousand to offset deficits in 2013, and increased capital by NT\$602,000 thousand and NT\$600,000 thousand in 2016 and 2017, respectively. After the increases, the Company's investment amount increased to NT\$1,600,000 thousand.

Note 2 : Kinsus Investment Co., Ltd. invested Pegavision Corporation in cost of NT\$286,418 thousand.

As Pegavision Corporation has become a listed company since October, 2019, Kinsus Investment Co., Ltd decreased its investment by NT\$33,963 thousand in selling 855 thousand shares.

Note 3: It includes the investment income accounted for using equity method of 242,442 thousand and the unrealized benefits on upstream transactions of 18,470 thousand.

Note 4: To improve the synergy of the Group, the equity of Aquamax Corporation was transferred to Mayin Investment Co., Ltd. from Pegavision Corporation.

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Kinsus Interconnect Technology Corp. and Subsidiaries

Marketable Securities Held (Excluding Investments in Subsidiaries, Associates and Jointly Ventures)

As of September 30, 2021

Attachment 6

(In Thousands of New Taiwan Dollars)

Name of Held Company	Type and Name of Marketable Securities	Relationship with the Issuer	Financial Statement Account	As of September 30, 2021				Guarantee, Pledge or Other Restricted Conditions		
				Shares (Unit)	Carrying Amount	%	Fair Value	Shares	Carrying Amount	Note
Kinsus Investment Co., Ltd.	Money market funds:									
	Taishin Ta Chong Money Market Fund	-	Financial assets at fair value through profit or loss	829,070	\$11,315	-%	\$11,891	-	\$-	
	Valuation adjustments of financial assets held for trading				576					
	Total				\$11,891					
Pegavision Corporation	Money market funds:									
	Mega Diamond Money Market Fund	-	Financial assets at fair value through profit or loss	2,762,213	\$35,000	-%	\$35,002	-	\$-	
	Valuation adjustments of financial assets held for trading				2					
	Total				\$35,002					
Kinsus Investment Co., Ltd.	Stocks:									
	Yi-Shuo Creative Co., Ltd.	-	Measured at fair value through other comprehensive income	5,000,000	\$50,000	7.49%	\$50,000	-	\$-	
	Lichang Plastics Corp.	-		20,408	1,000	0.70%	1,000	-	-	
	Total				\$51,000		\$51,000		\$-	

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp. and Subsidiaries

Individual Securities acquired and disposed of with accumulated amount of least NT\$300 Million or 20% of The Paid-In Capital

For the nine-month period ended September 30, 2021

Attachment 7

(In Thousands of New Taiwan Dollars)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Amount	Carrying Value	Gain/Loss on Disposal	Shares/Units	Amount
Pegavision Corporation	Money Market Funds: Yuanta Wan Tai Money Market Fund	Financial assets at fair value through profit or loss	-	-	33,387,514	\$509,270	28,763,573	\$439,000	62,151,087	\$948,577	\$948,270	\$307	-	\$-

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp. and Subsidiaries

Related Party Transactions with Purchase or Sales Amount of At least NT\$ 100 Million or 20% of the Paid-in Capital

For the nine-month period ended September 30, 2021

Attachment 8

(In Thousands of US/NTD Dollars)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/Sale	Amount	% to Total	Payment/ Collection Term	Unit Price	Payment/ Collection Term	Ending Balance	% to Total	
Kinsus Interconnect Technology Suzhou Corp.	Kinsus Interconnect Technology Corp.	Parent company	Sales	USD 80,337	84.83%	Payment within 60 days from the end of delivery month	Specs of goods sold are different from others. Cannot be reasonably compared.	No non-related parties to be compared with.	Accounts receivable USD 23,742	90.35%	Note
Pegavision Corporation	Pegavision Japan Inc.	Subsidiary	Sales	\$1,347,042	35.00%	Payment within 90 days from the end of delivery month	Similar to those to third party customers.	Payment within 90 days from telegraphic transfer.	Accounts receivable \$267,768	24.74%	Note
									Contract liability \$(4,489)	13.49%	Note
Pegavision Corporation	Aquamax Corporation	Subsidiary	Sales	\$357,851	9.30%	Payment within 120 days from the end of delivery month	Similar to those to third party customers.	Payment within 90 days from telegraphic transfer.	Accounts receivable \$205,537	18.99%	Note
Pegavision Corporation	Gemvision Technology (Zhejiang) Limited	Subsidiary	Sales	\$157,976	4.10%	Payment within 180 days from the end of delivery month	Similar to those to third party customers.	Payment within 90 days from telegraphic transfer.	Accounts receivable \$142,151	13.13%	Note

Note: Transactions are eliminated when preparing the consolidated financial statements.

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Kinsus Interconnect Technology Corp. and Subsidiaries

Receivables from Related Parties of at Least NT\$ 100 Million or 20% of the Paid-in Capital

As of September 30, 2021

Attachment 9

(In Thousands of US/NTD Dollars)

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Ratio	Overdue		Amount Received in Subsequent Periods	Loss Allowance
					Amount	Action Taken		
Kinsus Interconnect Technology Suzhou Corp.	Kinsus Interconnect Technology Corp.	Parent company	USD 23,742 <u>(Note and Note 1)</u>	<u>6.50</u>	<u>\$-</u>	-	<u>\$-</u>	<u>\$-</u>
Pegavision Corporation	Pegavision Japan Inc.	Subsidiary	<u>\$267,768</u> <u>(Note and Note 1)</u>	<u>5.77</u>	<u>\$-</u>	-	<u>\$186,386</u>	<u>\$-</u>
Pegavision Corporation	Aquamax Corporation	Subsidiary	<u>\$205,537</u> <u>(Note and Note 1)</u>	<u>4.60</u>	<u>\$-</u>	-	<u>\$17,019</u>	<u>\$-</u>
Pegavision Corporation	Gemvision Technology (Zhejiang) Limited	Subsidiary	<u>\$142,151</u> <u>(Note and Note 1)</u>	<u>1.17</u>	<u>\$-</u>	-	<u>\$-</u>	<u>\$-</u>

Note: Accounts receivable.

Note 1: Transactions are eliminated when preparing the consolidated financial statements.

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Kinsus Interconnect Technology Corp. and Subsidiaries

Intercompany Relationships and Significant Intercompany Transactions for the Nine-month Period Ended September 30, 2021

Attachment 10

(In Thousands of Foreign Currency / New Taiwan Dollars)

No. (Note 1)	Company Name	Counter-Party	Nature of Relationship (Note 2)	Intercompany Transaction			Percentage to Consolidated Net Revenue or Total Assets (Note 3)
				Financial Statement Account	Amount	Terms	
0	<u>2021.01.01~2021.09.30</u> Kinsus Interconnect Technology Corp.	KINSUS CORP. (USA)	1	Accrued expense	\$3,002	Payment within 30 days from the end of delivery month by TT	0.01%
0	Kinsus Interconnect Technology Corp.	Kinsus Interconnect Technology Suzhou Corp.	1	Accounts receivable	\$12,595	Payment within 30 days from the end of delivery month	0.02%
0	Kinsus Interconnect Technology Corp.	Kinsus Interconnect Technology Suzhou Corp.	1	Accounts payable	\$654,530	Payment within 60 days from the end of delivery month	1.23%
0	Kinsus Interconnect Technology Corp.	Kinsus Interconnect Technology Suzhou Corp.	1	Other receivables	\$46,541	-	0.09%
0	Kinsus Interconnect Technology Corp.	Piotek Computer (Suzhou) Co., Ltd.	1	Other receivables	\$49	-	-%
0	Kinsus Interconnect Technology Corp.	Kinsus Interconnect Technology Suzhou Corp.	1	Purchase	\$2,267,072	Payment within 60 days from the end of delivery month	8.81%
0	Kinsus Interconnect Technology Corp.	KINSUS CORP. (USA)	1	Commission expense	\$29,794	Payment within 30 days from the end of delivery month by TT	0.12%
0	Kinsus Interconnect Technology Corp.	Kinsus Interconnect Technology Suzhou Corp.	1	Sales revenue	\$35,472	Payment within 30 days from the end of delivery month	0.14%
0	Kinsus Interconnect Technology Corp.	Kinsus Interconnect Technology Suzhou Corp.	1	Other income	\$7,810	-	0.03%
0	Kinsus Interconnect Technology Corp.	Piotek Computer (Suzhou) Co., Ltd.	1	Other income	\$168	-	-%
0	Kinsus Interconnect Technology Corp.	PIOTEK (H.K.) TRADING LIMITED	1	Other income	\$315	-	-%
1	Piotek Computer (Suzhou) Co., Ltd.	PIOTEK (H.K.) TRADING LIMITED	3	Sales revenue	USD 3,870	Payment within 60~90 days from the end of delivery month	0.42%
1	Piotek Computer (Suzhou) Co., Ltd.	PIOTEK (H.K.) TRADING LIMITED	3	Accounts receivable	USD 403	Payment within 60~90 days from the end of delivery month	0.02%
1	Piotek Computer (Suzhou) Co., Ltd.	Xiang-Shuo (Suzhou) Trading Limited	3	Payable to equipment suppliers	USD 2	-	-%
1	Piotek Computer (Suzhou) Co., Ltd.	Kinsus Interconnect Technology Suzhou Corp.	3	Other receivables	RMB 93	Payment within 60~90 days from the end of delivery month	-%
1	Piotek Computer (Suzhou) Co., Ltd.	Kinsus Interconnect Technology Suzhou Corp.	3	Accounts payable	RMB 27	Payment within 60~90 days from the end of delivery month	-%

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Kinsus Interconnect Technology Corp. and Subsidiaries

Intercompany Relationships and Significant Intercompany Transactions for the Nine-month Period Ended September 30, 2021

Attachment 10

(In Thousands of Foreign Currency / New Taiwan Dollars)

No. (Note 1)	Company Name	Counter-Party	Nature of Relationship (Note 2)	Intercompany Transaction			Percentage to Consolidated Net Revenue or Total Assets (Note 3)
				Financial Statement Account	Amount	Terms	
1	Piotek Computer (Suzhou) Co., Ltd.	Kinsus Interconnect Technology Suzhou Corp.	3	Sales revenue	RMB 44	Payment within 60~90 days from the end of delivery month	-%
1	Piotek Computer (Suzhou) Co., Ltd.	Kinsus Interconnect Technology Suzhou Corp.	3	Purchase	RMB 34	Payment within 60~90 days from the end of delivery month	-%
2	Pegavision Corporation	Pegavision Japan Inc.	3	Sales revenue	\$1,347,042	Payment within 90 days from the end of delivery month	5.24%
2	Pegavision Corporation	Pegavision Japan Inc.	3	Accounts receivable	\$267,768	Payment within 90 days from the end of delivery month	0.50%
2	Pegavision Corporation	Pegavision Japan Inc.	3	Contract liability	\$4,489	-	0.01%
2	Pegavision Corporation	PEGAVISION CONTACT LENSES (SHANGHAI) CORPORATION	3	Sales revenue	\$39,166	Payment within 180 days from the end of delivery month	0.15%
2	Pegavision Corporation	PEGAVISION CONTACT LENSES (SHANGHAI) CORPORATION	3	Accounts receivable	\$9,275	Payment within 180 days from the end of delivery month	0.02%
2	Pegavision Corporation	Gemvision Technology (Zhejiang) Limited	3	Sales revenue	\$157,976	Payment within 180 days from the end of delivery month	0.61%
2	Pegavision Corporation	Gemvision Technology (Zhejiang) Limited	3	Accounts receivable	\$142,151	Payment within 180 days from the end of delivery month	0.27%
2	Pegavision Corporation	Aquamax Corporation	3	Sales revenue	\$357,851	Payment within 120 days from the end of delivery month	1.39%
2	Pegavision Corporation	Aquamax Corporation	3	Other operating income	\$121,720	Payment within 120 days from the end of delivery month	0.47%
2	Pegavision Corporation	Aquamax Corporation	3	Accounts receivable	\$205,537	Payment within 120 days from the end of delivery month	0.38%
2	Pegavision Corporation	Aquamax Corporation	3	Other receivables	\$425	Payment within 120 days from the end of delivery month	-%
2	Pegavision Corporation	Aquamax Corporation	3	Other receivables	\$4	30 days after monthly closing	-%
2	Pegavision Corporation	Aquamax Corporation	3	Deposits received	\$4	-	-%

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Kinsus Interconnect Technology Corp. and Subsidiaries

Intercompany Relationships and Significant Intercompany Transactions for the Nine-month Period Ended September 30, 2021

Attachment 10

(In Thousands of Foreign Currency / New Taiwan Dollars)

No. (Note 1)	Company Name	Counter-Party	Nature of Relationship (Note 2)	Intercompany Transaction			Percentage to Consolidated Net Revenue or Total Assets (Note 3)
				Financial Statement Account	Amount	Terms	
2	Pegavision Corporation	Aquamax Corporation	3	Rent revenue	\$9,925	Payment within 120 days from the end of delivery month	0.04%
2	Pegavision Corporation	Aquamax Corporation	3	Other income	\$3	Payment within 120 days from the end of delivery month	-%
2	Pegavision Corporation	Aquamax Vision Corporation	3	Sales revenue	\$8,846	Payment within 120 days from the end of delivery month	0.03%
2	Pegavision Corporation	Aquamax Vision Corporation	3	Accounts receivable	\$8,930	Payment within 120 days from the end of delivery month	0.02%
3	Aquamax Corporation	Aquamax Vision Corporation	3	Sales revenue	\$453	Payment within 120 days from the end of delivery month	-%
3	Aquamax Corporation	Aquamax Vision Corporation	3	Accounts receivable	\$453	Payment within 120 days from the end of delivery month	-%
4	PEGAVISION CONTACT LENSES (SHANGHAI) CORPORATION	Gemvision Technology (Zhejiang) Limited	3	Other operating income	\$22,399	Payment within 180 days from the end of delivery month	0.09%
4	PEGAVISION CONTACT LENSES (SHANGHAI) CORPORATION	Gemvision Technology (Zhejiang) Limited	3	Accounts receivable	\$2,519	Payment within 180 days from the end of delivery month	-%

Note 1: Transaction information between Parent company and its subsidiaries should be disclosed by codes below:

(1) Parent company is coded "0".

(2) The subsidiaries are coded from "1" in the order presented in the table above.

Note 2: Relationship are divided into the following three types and the types are required to be indicated:

(1) From the parent company to a subsidiary.

(2) From a subsidiary to the parent company.

(3) Between subsidiaries.

Note 3: Regarding the percentage of transaction amount to consolidated operating revenues or total assets, it is computed based on the ending balance to consolidated total assets for balance sheet items; and based on interim accumulated amount to consolidated net revenue for income statement items.