VISUAL PHOTONICS EPITAXY CO., LTD.

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REVIEW REPORT

SEPTEMBER 30, 2021 AND 2020

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

VISUAL PHOTONICS EPITAXY CO., LTD.
BALANCE SHEETS
SEPTEMBER 30, 2021, DECEMBER 31, 2020 AND SEPTEMBER 30, 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
(The balance sheets as of September 30, 2021 and 2020 are reviewed, not audited)

			September 30, 2021		December 31, 2020		September 30, 2020	
	Assets	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%
	Current assets							
1100	Cash and cash equivalents	6(1)	$ 1,155,034	24	$ 1,066,356	25	$ 997,283	24
1150	Notes receivable, net	6(2)	607	-	432	-	325	-
1170	Accounts receivable, net	6(2)	588,930	12	463,482	11	384,495	9
1200	Other receivables		3,617	-	2,695	-	2,678	-
130X	Inventories	6(3)	408,484	9	372,296	9	396,803	9
1410	Prepayments		74,028	2	67,047	1	76,155	2
11XX	**Current Assets**		2,230,700	47	1,972,308	46	1,857,739	44
	Non-current assets							
1600	Property, plant and equipment	6(4) and 8	2,178,686	46	2,318,762	54	2,368,084	56
1755	Right-of-use assets	6(5)	944	-	937	-	1,379	-
1780	Intangible assets		5,194	-	4,110	-	3,255	-
1840	Deferred income tax assets	6(18)	11,830	-	13,931	-	15,903	-
1915	Prepayments for business facilities	6(4)	326,642	7	7,732	-	6,685	-
1920	Guarantee deposits paid		197	-	67	-	67	-
1975	Net defined benefit asset, non-current	6(9)	784	-	753	-	193	-
15XX	**Non-current assets**		2,524,277	53	2,346,292	54	2,395,566	56
1XXX	**Total assets**		$ 4,754,977	100	$ 4,318,600	100	$ 4,253,305	100

(Continued)

VISUAL PHOTONICS EPITAXY CO., LTD.
BALANCE SHEETS
SEPTEMBER 30, 2021, DECEMBER 31, 2020 AND SEPTEMBER 30, 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
(The balance sheets as of September 30, 2021 and 2020 are reviewed, not audited)

			September 30, 2021		December 31, 2020		September 30, 2020	
	Liabilities and Equity	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%
	Current liabilities							
2100	Short-term borrowings	6(6) and 8	$ 600,000	13	$ 380,000	9	$ 580,000	14
2130	Current contract liabilities	6(13)	20,174	-	17,359	1	10,920	-
2170	Accounts payable		370,105	8	317,432	7	262,829	6
2200	Other payables	6(7)	296,613	6	221,472	5	195,922	5
2230	Current income tax liabilities	6(18)	93,159	2	74,096	2	39,588	1
2280	Current lease liabilities	6(5)	710	-	886	-	1,149	-
2300	Other current liabilities		7,717	-	5,425	-	7,162	-
21XX	**Current Liabilities**		1,388,478	29	1,016,670	24	1,097,570	26
	Non-current liabilities							
2540	Long-term borrowings	6(8) and 8	280,000	6	400,000	9	400,000	9
2570	Deferred income tax liabilities	6(18)	157	-	150	-	39	-
2580	Non-current lease liabilities	6(5)	239	-	61	-	243	-
25XX	**Non-current liabilities**		280,396	6	400,211	9	400,282	9
2XXX	**Total Liabilities**		1,668,874	35	1,416,881	33	1,497,852	35
	Equity attributable to owners of parent							
	Share capital	6(10)						
3110	Oridinary shares		1,849,059	39	1,849,059	43	1,849,059	44
	Capital surplus	6(11)						
3200	Capital surplus		16,736	-	16,736	-	16,736	-
	Retained earnings	6(12)						
3310	Legal reserve		555,416	12	502,110	12	502,110	12
3350	Unappropriated retained earnings		664,892	14	533,814	12	387,548	9
3XXX	**Total equity**		3,086,103	65	2,901,719	67	2,755,453	65
	Significant commitments and contingent liabilities	9						
	Significant events after the balance sheet date	11						
3X2X	**Total liabilities and equity**		$ 4,754,977	100	$ 4,318,600	100	$ 4,253,305	100

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

VISUAL PHOTONICS EPITAXY CO., LTD.
STATEMENTS OF COMPREHENSIVE INCOME
NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except as for earnings pershare amount)
(UNAUDITED)

			Three months ended September 30				Nine months ended September 30			
			2021		2020		2021		2020	
	Items	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(13)	$ 947,399	100	$ 644,391	100	$ 2,732,678	100	$ 1,887,771	100
5000	Operating costs	6(3)(16)(17)	(545,120)	(58)	(374,026)	(58)	(1,560,227)	(57)	(1,088,716)	(58)
5900	Net operating margin		402,279	42	270,365	42	1,172,451	43	799,055	42
	Operating expenses	6(16)(17)								
6100	Selling expenses		(5,416)	-	(3,074)	-	(14,451)	-	(8,636)	(1)
6200	General and administrative expenses		(49,905)	(5)	(29,390)	(5)	(118,603)	(4)	(83,995)	(4)
6300	Research and development expenses		(82,379)	(9)	(77,973)	(12)	(208,795)	(8)	(219,543)	(12)
6450	Expected credit impairment loss	12(2)	-	-	-	-	-	-	(1,608)	-
6000	Total operating expenses		(137,700)	(14)	(110,437)	(17)	(341,849)	(12)	(313,782)	(17)
6900	Operating profit		264,579	28	159,928	25	830,602	31	485,273	25
	Non-operating income and expenses									
7100	Interest income		291	-	485	-	1,264	-	2,595	-
7010	Other income		104	-	144	-	1,964	-	168	-
7020	Other gains and losses	6(14)	1,790	-	(17,362)	(3)	(17,544)	(1)	(17,412)	(1)
7050	Finance costs	6(15)	(1,771)	-	(1,792)	-	(5,075)	-	(5,613)	-
7000	Total non-operating income and expenses		414	-	(18,525)	(3)	(19,391)	(1)	(20,262)	(1)
7900	**Profit before income tax**		264,993	28	141,403	22	811,211	30	465,011	24
7950	Income tax expense	6(18)	(53,222)	(6)	(28,556)	(4)	(147,921)	(6)	(78,218)	(4)
8200	**Profit for the period**		$ 211,771	22	$ 112,847	18	$ 663,290	24	$ 386,793	20
8500	**Total comprehensive income for the period**		$ 211,771	22	$ 112,847	18	$ 663,290	24	$ 386,793	20
9750	Basic earnings per share	6(19)	$ 1.15		$ 0.61		$ 3.59		$ 2.09	
9850	Diluted earnings per share	6(19)	$ 1.14		$ 0.61		$ 3.57		$ 2.08	

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

VISUAL PHOTONICS EPITAXY CO., LTD.
STATEMENTS OF CHANGES IN EQUITY
NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
(UNAUDITED)

			Capital Surplus		Retained Earnings			
	Notes	Share capital - common stock	Additional paid-in capital	Treasury stock transactions	Legal reserve	Unappropriated retained earnings (Accumulated deficit)	Treasury stocks	Total equity
2020								
Balance at January 1, 2020		$ 1,849,059	$ 10,229	$ 6,462	$ 450,724	$ 514,405	$ -	$ 2,830,879
Profit for the period		-	-	-	-	386,793	-	386,793
Total comprehensive income		-	-	-	-	386,793	-	386,793
Appropriation and distribution of retained earnings								
Legal reserve	6(12)	-	-	-	51,386	(51,386)	-	-
Cash dividends	6(12)	-	-	-	-	(462,264)	-	(462,264)
Purchase of treasury shares	6(10)	-	-	-	-	-	(126)	(126)
Treasury shares reissued to employees	6(10)	-	-	45	-	-	126	171
Balance at September 30, 2020		$ 1,849,059	$ 10,229	$ 6,507	$ 502,110	$ 387,548	$ -	$ 2,755,453
2021								
Balance at January 1, 2021		$ 1,849,059	$ 10,229	$ 6,507	$ 502,110	$ 533,814	$ -	$ 2,901,719
Profit for the period		-	-	-	-	663,290	-	663,290
Total comprehensive income		-	-	-	-	663,290	-	663,290
Appropriation and distribution of retained earnings								
Legal reserve	6(12)	-	-	-	53,306	(53,306)	-	-
Cash dividends	6(12)	-	-	-	-	(478,906)	-	(478,906)
Balance at September 30, 2021		$ 1,849,059	$ 10,229	$ 6,507	$ 555,416	$ 664,892	$ -	$ 3,086,103

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

VISUAL PHOTONICS EPITAXY CO., LTD.
STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
(UNAUDITED)

	Notes	Nine months ended September 30 2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 811,211	$ 465,011
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense (including right-of-use assets)	6(4)(5)(16)	207,285	215,643
Amortization expense	6(16)	958	562
Interest expense	6(15)	5,075	5,613
Interest income		(1,264)	(2,595)
Unrealized foreign exchange loss (gain)		1,673	(3,540)
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		(175)	107
Accounts receivable		(125,448)	129,104
Other receivables		315	(1,543)
Inventories		(36,188)	(66,650)
Prepayments		(6,981)	(10,860)
Net defined benefit assets		(31)	(32)
Changes in operating liabilities			
Current contract liabilities		2,815	3,984
Accounts payable		52,673	(40,776)
Other payables		57,552	(26,158)
Other current liabilities		2,292	1,896
Cash inflow generated from operations		971,762	669,766
Interest received		1,264	2,595
Interest paid	6(15)	(5,075)	(5,613)
Income taxes paid		(126,750)	(121,158)
Net cash flows from operating activities		841,201	545,590
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	6(20)	(49,429)	(63,958)
Acquisition of intangible assets		(2,042)	(1,009)
Increase in prepayments for business facilities		(319,110)	(7,881)
Increase In refundable deposits		(130)	-
Net cash flows used in investing activities		(370,711)	(72,848)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings	6(21)	220,000	110,000
Proceeds from long-term debt	6(21)	960,000	1,100,000
Repayments of long-term debt	6(21)	(1,080,000)	(1,100,000)
Payments of lease liabilities	6(21)	(1,233)	(1,329)
Cash dividends paid	6(12)(21)	(478,906)	(462,264)
Purchase of treasury shares	6(10)	-	(126)
Treasury shares reissued to employees	6(10)	-	171
Net cash flows used in financing activities		(380,139)	(353,548)
Effect of exchange rate changes on cash and cash equivalents		(1,673)	3,540
Net increase in cash and cash equivalents		88,678	122,734
Cash and cash equivalents at beginning of period	6(1)	1,066,356	874,549
Cash and cash equivalents at end of period	6(1)	$ 1,155,034	$ 997,283

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

VISUAL PHOTONICS EPITAXY CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS
NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
(UNAUDITED)

1. History and Organization

Visual Photonics Epitaxy Co., Ltd. (the "Company") was incorporated in November 1996. The Company is primarily engaged in research & development, manufacture and sales of optoelectronic semi-conductors epitaxy, optoelectronic components products and etc. On January 24, 2002, the Company's common stock was officially listed on the Taiwan Stock Exchange Corporation.

2. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

These financial statements were authorized for issuance by the Board of Directors on October 28, 2021.

3. Application of New Standards, Amendments and Interpretations

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 4, 'Extension of the temporary exemption from applying IFRS 9'	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, 'Interest Rate Benchmark Reform— Phase 2'	January 1, 2021
Amendment to IFRS 16, 'Covid-19-related rent concessions beyond 30 June 2021'	April 1, 2021 (Note)

Note：Earlier application from January 1, 2021 is allowed by FSC.

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

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

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

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

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

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

4. Summary of Significant Accounting Policies

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

(1) Compliance statement

The financial statements of the Company have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Accounting Standard 34, 'Interim financial reporting' as endorsed by the FSC.

(2) Basis of preparation

A. Except for defined benefit assets and liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation, the financial statements have been prepared under the historical cost convention.

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

(3) Foreign currency translation

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The financial statements are presented in New Taiwan Dollars, which is the Company's functional and presentation currency.

Foreign currency transactions and balances

A. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

B. Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

C. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

D. All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

(4) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

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

(5) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(6) Accounts and notes receivable

A. Accounts receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(7) Impairment of financial assets

For financial assets at amortised cost, at each reporting date, the Company recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Company recognises the impairment provision for lifetime ECLs.

(8) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(9) Inventories

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

(10) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	3 ～ 60 years
Machinery and equipment	3 ～ 15 years
Office equipment	4 years
Other equipment	3 ～ 15 years

(11) Leasing arrangements (lessee) - right-of-use assets / lease liabilities

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the following:

(a) Fixed payments, less any lease incentives receivable;

(b) Variable lease payments that depend on an index or a rate;

(c) Amounts expected to be payable by the lessee under residual value guarantees;

(d) The exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and

(e) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

(a) The amount of the initial measurement of lease liability;

(b) Any lease payments made at or before the commencement date;

(c) Any initial direct costs incurred by the lessee; and

(d) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize the difference between remeasured lease liability in profit or loss.

(12) Intangible assets

Intangible assets, mainly patent and computer software, are recognised at cost and amortised on a straight-line basis over their estimated useful lives of 1 ~ 7 years.

(13) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(14) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(15) Notes and accounts payable

A. Accounts payable are liabilities for purchases of goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(16) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.

(17) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.

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

iii. Past service costs are recognised immediately in profit or loss.

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

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Company's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Company recognises expense as it can no longer withdraw an offer of termination benefits or it recognises relating restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

D. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(18) Income tax

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

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities.

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

D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

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

G. If a change in tax rate is enacted or substantively enacted in an interim period, the Company recognises the effect of the change immediately in the interim period in which the change occurs. The effect of the change on items recognised outside profit or loss is recognised in other comprehensive income or equity while the effect of the change on items recognised in profit or loss is recognised in profit or loss.

(19) <u>Share capital</u>

A. Ordinary shares are classified as equity.

B. Where the Company repurchases the Company’s equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company’s equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company’s equity holders.

(20) <u>Dividends</u>

Dividends are recorded in the Company’s financial statements in the period in which they are approved by the Company’s shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(21) Revenue recognition

Sales of goods

A. The Company manufactures and sells optoelectronic semi-conductors epitaxy, component and etc. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.

B. Sales revenue is recognised based on the price specified in the contract, net of the business tax, sales return and discounts. Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. No element of financing is deemed present as the sales are made with a credit term of 30 to 90 days after control of goods are transferred, which is consistent with market practice.

C. A receivable is recognised when the control of goods are transferred as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(22) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Company's chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Company's accounting policies

Lease period

In determining the lease term, the Company takes into consideration all facts and circumstances that create an economic incentive to exercise an option (or not to exercise an option), including expected changes of all facts and situations happens from the beginning of lease date to the exercise date of option. The main consideration including the contract terms and conditions in the period of options, significant lease rights improvement in the contract period and the significance of target assets to the leasee. When significant events or significant changes happen in the control range of the Company, the lease period will be revalued.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Company must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Company evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

As of September 30, 2021, the carrying amount of inventories was $408,484.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	September 30, 2021	December 31, 2020	September 30, 2020
Cash on hand and revolving funds	$ 335	$ 335	$ 335
Checking accounts and demand deposits	923,299	702,181	860,948
Time deposits	231,400	363,840	136,000
	$ 1,155,034	$ 1,066,356	$ 997,283

A. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Company has no cash and cash equivalents pledged to others.

(2) Notes and accounts receivable

Items	September 30, 2021	December 31, 2020	September 30, 2020
Notes receivable	$ 607	$ 432	$ 325
Accounts receivable	$ 589,510	$ 464,062	$ 385,075
Less: Allowance for uncollectible accounts	(580)	(580)	(580)
	$ 588,930	$ 463,482	$ 384,495

A. The ageing analysis of accounts receivable and notes receivable are as follows:

Accounts receivable	September 30, 2021	December 31, 2020	September 30, 2020
Not past due	$ 510,360	$ 431,304	$ 353,646
Up to 60 days	79,150	30,463	27,647
61 to 90 days	-	2,107	789
Over 181 days	-	188	2,993
	$ 589,510	$ 464,062	$ 385,075

Notes receivable	September 30, 2021	December 31, 2020	September 30, 2020
Not past due	$ 607	$ 432	$ 325

The above ageing analysis was based on past due date.

B. The Company does not hold any collateral as security.

C. As of September 30, 2021, December 31, 2020 and September 30, 2020, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2020, the balance of receivables from contracts with customers amounted to $514,031.

D. Information relating to credit risk is provided in Note 12(2).

(3) Inventories

	September 30, 2021		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 216,982	($ 4,728)	$ 212,254
Work in progress	45,243	(430)	44,813
Finished goods	196,439	(45,022)	151,417
Total	$ 458,664	($ 50,180)	$ 408,484

	December 31, 2020		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 161,212	($ 4,728)	$ 156,484
Work in progress	50,465	(430)	50,035
Finished goods	210,799	(45,022)	165,777
Total	$ 422,476	($ 50,180)	$ 372,296

	September 30, 2020		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 162,591	($ 4,728)	$ 157,863
Work in progress	34,252	(430)	33,822
Finished goods	250,140	(45,022)	205,118
Total	$ 446,983	($ 50,180)	$ 396,803

The cost of inventories recognised as expense for the period:

	Three-month periods ended September 30, 2021	Three-month periods ended September 30, 2020
Cost of goods sold	$ 545,170	$ 374,095
Revenue from scraps	(50)	(69)
	$ 545,120	$ 374,026

	Nine-month periods ended September 30, 2021	Nine-month periods ended September 30, 2020
Cost of goods sold	$ 1,560,304	$ 1,088,794
Revenue from scraps	(77)	(78)
	$ 1,560,227	$ 1,088,716

(4) Property, plant and equipment

2021	Land	Buildings and structures	Machinery and equipment	Office equipment	Other equipment	Construction in progress and equipment under acceptance	Total
At January 1							
Cost	$ 141,004	$ 1,240,634	$ 3,755,471	$ 21,564	$ 233,702	$ 40,454	$ 5,432,829
Accumulated depreciation	-	(687,562)	(2,241,359)	(21,096)	(164,050)	-	(3,114,067)
	$ 141,004	$ 553,072	$ 1,514,112	$ 468	$ 69,652	$ 40,454	$ 2,318,762
Opening net book amount	$ 141,004	$ 553,072	$ 1,514,112	$ 468	$ 69,652	$ 40,454	$ 2,318,762
Additions	-	8,532	38,370	2,882	3,713	13,521	67,018
Reclassifications	-	33,523	1,770	-	4,124	(40,454)	(1,037)
Depreciation charge	-	(47,983)	(147,681)	(203)	(10,190)	-	(206,057)
Closing net book amount	$ 141,004	$ 547,144	$ 1,406,571	$ 3,147	$ 67,299	$ 13,521	$ 2,178,686
At September 30							
Cost	$ 141,004	$ 1,282,689	$ 3,795,611	$ 23,725	$ 241,539	$ 13,521	$ 5,498,089
Accumulated depreciation	-	(735,545)	(2,389,040)	(20,578)	(174,240)	-	(3,319,403)
	$ 141,004	$ 547,144	$ 1,406,571	$ 3,147	$ 67,299	$ 13,521	$ 2,178,686

2020	Land	Buildings and structures	Machinery and equipment	Office equipment	Other equipment	Construction in progress and equipment under acceptance	Total
At January 1							
Cost	$ 141,004	$ 1,229,493	$ 3,718,928	$ 21,201	$ 222,770	$ 27,498	$ 5,360,894
Accumulated depreciation	-	(627,402)	(2,031,453)	(20,812)	(151,687)	-	(2,831,354)
	$ 141,004	$ 602,091	$ 1,687,475	$ 389	$ 71,083	$ 27,498	$ 2,529,540
Opening net book amount	$ 141,004	$ 602,091	$ 1,687,475	$ 389	$ 71,083	$ 27,498	$ 2,529,540
Additions	-	7,625	25,822	363	6,026	525	40,361
Reclassifications	-	552	10,351	-	3,661	(2,065)	12,499
Depreciation charge	-	(44,987)	(159,774)	(220)	(9,335)	-	(214,316)
Closing net book amount	$ 141,004	$ 565,281	$ 1,563,874	$ 532	$ 71,435	$ 25,958	$ 2,368,084
At September 30							
Cost	$ 141,004	$ 1,237,670	$ 3,755,101	$ 21,564	$ 232,458	$ 25,958	$ 5,413,755
Accumulated depreciation	-	(672,389)	(2,191,227)	(21,032)	(161,023)	-	(3,045,671)
	$ 141,004	$ 565,281	$ 1,563,874	$ 532	$ 71,435	$ 25,958	$ 2,368,084

A. The significant components of buildings include main plants, which are depreciated over 3 and 60 years.

B. Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8.

C. For the requirement of production and operation, the Company has successively entered into equipment purchase contracts. As of September 30, 2021, December 31, 2020 and September 30, 2020, the amounts of partial payment for undelivered equipment were $326,642, $7,732 and $6,685 (shown as 'prepayments for business facilities'), respectively.

(5) Leasing arrangements－lessee

A. The Company leases various assets including business vehicles. Rental contracts are typically made for periods of 1 to 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. Short-term leases with a lease term of 12 months or less comprise business vehicles and printers. On September 30, 2021, December 31, 2020 and September 30, 2020, payments of lease commitments for short-term leases amounted to $497, $570 and $468, respectively.

C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	September 30, 2021	December 31, 2020	September 30, 2020
	Carrying amount	Carrying amount	Carrying amount
Transportation equipment (Business vehicles)	$ 944	$ 937	$ 1,379

	Three-month periods ended September 30,	
	2021	2020
	Depreciation charge	Depreciation charge
Transportation equipment (Business vehicles)	$ 410	$ 442

	Nine-month periods ended September 30,	
	2021	2020
	Depreciation charge	Depreciation charge
Transportation equipment (Business vehicles)	$ 1,228	$ 1,327

D. For the three-month and nine-month periods ended September 30, 2021 and 2020, the additions to right-of-use assets were $634, $0, $1,235 and $0, respectively.

E. The information on profit and loss accounts relating to lease contracts is as follows:

	Three-month periods ended September 30, 2021	Three-month periods ended September 30, 2020
Items affecting profit or loss		
Interest expense on lease liabilities	$ 3	$ 4
Expense on short-term lease contracts	148	203

	Nine-month periods ended September 30, 2021	Nine-month periods ended September 30, 2020
Items affecting profit or loss		
Interest expense on lease liabilities	$ 9	$ 17
Expense on short-term lease contracts	497	468

F. For the nine-month periods ended September 30, 2021 and 2020, the Company's total cash outflow for leases were $1,739 and $1,814, respectively.

(6) Short-term borrowings

Type of borrowings	September 30, 2021	December 31, 2020	September 30, 2020
Bank unsecured borrowings	$ 600,000	$ 380,000	$ 580,000
Interest rate range	0.7%~0.725%	0.745%~0.75%	0.745%~0.80%

The Company did not provide any collateral for the abovementioned borrowings.

(7) Other payables

	September 30, 2021	December 31, 2020	September 30, 2020
Wages, salaries and bonus payable	$ 252,909	$ 202,318	163,935
Payable on equipment	21,293	3,704	6,865
Others	22,411	15,450	25,122
	$ 296,613	$ 221,472	$ 195,922

(8) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	September 30, 2021
Long-term bank borrowings				
Secured borrowings	Borrowing period is from June 21, 2018 to June 21, 2023 ; interest is repayable monthly.	0.9680%	Property, plant and equipment	$ 280,000
Less: Current portion				-
				$ 280,000

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2020
Long-term bank borrowings				
Secured borrowings	Borrowing period is from June 21, 2018 to June 21, 2023 ; interest is repayable monthly.	0.9680%	Property, plant and equipment	$ 400,000
Less: Current portion				-
				$ 400,000

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	September 30, 2020
Long-term bank borrowings				
Secured borrowings	Borrowing period is from June 21, 2018 to June 21, 2023 ; interest is repayable monthly.	0.968%~ 0.9783%	Property, plant and equipment	$ 400,000
Less: Current portion				-
				$ 400,000

(9) Pensions

A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

(b) For the aforementioned pension plan, the Company recognised pension costs both of $0 for the three-month and nine-month periods ended September 30, 2021 and 2020.

(c) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2021 amounts to $42.

B. (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The pension costs under defined contribution pension plans of the Company for the three-month and nine-month periods ended September 30, 2021 and 2020, were $2,226, $2,251, $6,714 and $6,441, respectively.

(10) Share capital/Treasury shares

A. As of September 30, 2021, the Company's authorised capital was $2,600,000, consisting of 260,000 thousand shares of ordinary stock (including 15,000 thousand shares reserved for employee stock options), and the paid-in capital was $1,849,059 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected. Movements in the number of the company's ordinary thousand shares outstanding are as follow:

	2021	2020
At January 1	184,906	184,906
Treasury shares reissued to employees	-	2
Shares reacquisition (treasury shares)	-	(2)
At September 30	184,906	184,906

B. Treasury shares

(a) 2 thousand shares of treasury stock totaling $126 was reacquired on March 23, 2020 at $63.24 (in dollars) per share reissued to employees, as resolved by the Board of Directors on July 16, 2020. The reissue was completed on September 30, 2020.

(b) Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows:(No such transaction was recorded as at September 30, 2021, December 31, 2020 and September 30, 2020.)

(c) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.

(d) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.

(e) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should be reissued to the employees within five years from the reacquisition date and shares not reissued within the five-year period are to be retired. Treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.

(11) Capital surplus

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

(12) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve unless existing legal reserve exceeds or is equal to issued share capital. Special reserve is set aside or reversed in accordance with related laws or regulations.

B. The Company's dividend policy is summarised below: as the Company operates in a growth stage and future expansion plans are expected in the future years, the earnings dividend policy considers fostering of competitiveness, capital needs in future years and expansion of share capital. For stable growth of earnings per share, dividends are adjusted based on performance, and cash dividends shall account for at least 10% of the total dividends distributed. The Board of Directors shall propose for dividend distribution based on capital structure and budget, and the proposals shall be resolved in shareholders' meetings.

C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

E. The distribution of 2020 and 2019 earnings had been resolved at the stockholders' meeting on July 29, 2021 and June 12, 2020, respectively, as follows:

	2020		2019	
	Amount	Dividends per share (in dollar)	Amount	Dividends per share (in dollar)
Legal reserve	$ 53,306		$ 51,386	
Cash dividends	478,906	$ 2.59	462,264	$ 2.50

Information about the distribution of retained earnings of the Company as proposed by the Board of Directors and resolved at the meeting of shareholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(13) Operating revenue

A. Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods and services over time and at a point in time in the following geographical regions:

Three-month periods ended September 30, 2021	Taiwan	US	All other segments	Total
Revenue from external customer contracts	$ 425,998	$ 399,109	$ 122,292	$ 947,399

Nine-month periods ended September 30, 2021	Taiwan	US	All other segments	Total
Revenue from external customer contracts	$1,290,265	$1,110,324	$ 332,089	$ 2,732,678

Three-month periods ended September 30, 2020	Taiwan	US	All other segments	Total
Revenue from external customer contracts	$ 280,167	$ 274,206	$ 90,018	$ 644,391

Nine-month periods ended September 30, 2020	Taiwan	US	All other segments	Total
Revenue from external customer contracts	$ 913,854	$ 744,661	$ 229,256	$ 1,887,771

B. Contract assets and liabilities

The Company has recognised the following revenue-related contract liabilities:

	September 30, 2021	December 31, 2020	September 30, 2020	January 1, 2020
Advance sales receipts	$ 20,174	$ 17,359	$ 10,920	$ 6,936

Revenue recognised that was included in the contract liability balance at the beginning of the period:

	Three-month periods ended September 30,	
	2021	2020
Advance sales receipts	$ 427	$ -

	Nine-month periods ended September 30,	
	2021	2020
Advance sales receipts	$ 13,076	$ 4,744

(14) Other gains and losses

	Three-month periods ended September 30,	
	2021	2020
Net foreign exchange gains (losses)	$ 1,907	($ 17,230)
Other losses	(117)	(132)
	$ 1,790	($ 17,362)

	Nine-month periods ended September 30,	
	2021	2020
Net foreign exchange losses	($ 17,343)	($ 17,166)
Other losses	(201)	(246)
	($ 17,544)	($ 17,412)

(15) Finance costs

	Three-month periods ended September 30,	
	2021	2020
Interest expense	$ 1,771	$ 1,792

	Nine-month periods ended September 30,	
	2021	2020
Interest expense	$ 5,075	$ 5,613

(16) Expenses by nature

	Three-month periods ended September 30,			
	2021		2020	
	Operating costs	Operating expenses	Operating costs	Operating expenses
Change in inventory of finished goods and work in progress	$ 18,487	$ -	$ 9,678	$ -
Raw materials and supplies used	361,943	-	241,569	-
Employee benefit expense	65,933	68,486	50,848	29,887
Depreciation charges on property, plant and equipment	45,306	22,028	31,054	36,881
Depreciation charges on right-of-use assets	-	410	-	442
Amortisation charges on intangible	-	340	-	191
Other expenses	53,451	46,436	40,877	43,036
Operating costs and expenses	$ 545,120	$ 137,700	$ 374,026	$ 110,437

	Nine-month periods ended September 30,			
	2021		2020	
	Operating costs	Operating expenses	Operating costs	Operating expenses
Change in inventory of finished goods and work in progress	$ 19,582	$ -	($ 67,188)	$ -
Raw materials and supplies used	1,077,303	-	773,452	-
Employee benefit expense	193,783	143,680	156,198	88,432
Depreciation charges on property, plant and equipment	131,078	74,979	109,398	104,918
Depreciation charges on right-of-use assets	-	1,228	-	1,327
Amortisation charges on intangible	-	958	-	562
Other expenses	138,481	121,004	116,856	118,543
Operating costs and expenses	$ 1,560,227	$ 341,849	$ 1,088,716	$ 313,782

(17) Employee benefit expense

	Three-month periods ended September 30,			
	2021		2020	
	Operating costs	Operating expenses	Operating costs	Operating expenses
Wages and salaries	$ 57,125	$ 64,851	$ 42,797	$ 26,523
Labour and health insurance fees	3,658	1,967	3,354	1,805
Pension costs	1,610	616	1,634	617
Other personnel expenses	3,540	1,052	3,063	942
	$ 65,933	$ 68,486	$ 50,848	$ 29,887

	Nine-month periods ended September 30,			
	2021		2020	
	Operating costs	Operating expenses	Operating costs	Operating expenses
Wages and salaries	$ 167,608	$ 133,969	$ 132,698	$ 79,532
Labour and health insurance fees	10,874	4,840	9,790	4,382
Pension costs	4,868	1,846	4,650	1,791
Other personnel expenses	10,433	3,025	9,060	2,727
	$ 193,783	$ 143,680	$ 156,198	$ 88,432

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall be at least 5 ~ 15% for employees' compensation and shall not be higher than 3% for directors' remuneration.

B. For the three-month and nine-month periods ended September 30, 2021 and 2020, employees' compensation was accrued at $51,483, $13,393, $100,452 and $41,944, respectively; directors' remuneration was accrued at $9,811, $5,022, $28,174 and $15,729, respectively. The aforementioned amounts were recognised in salary expenses.

   The employees' compensation and directors' remuneration were estimated and accrued based on 10.69% and 3% of distributable profit of current year for the nine-month periods ended September 30, 2021 and 2020.

Employees' compensation and directors' remuneration of 2020 as resolved at the meeting of Board of Directors were in agreement with those amounts recognised in the 2020 financial statements.

Information about employees' compensation and directors' remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(18) Income tax

A. Income tax expense

Components of income tax expense:

	Three-month periods ended September 30, 2021	Three-month periods ended September 30, 2020
Current tax:		
Current tax on profits for the period	$ 51,638	$ 30,255
Tax on undistributed surplus earnings	42	-
Total current tax	51,680	30,255
Deferred tax:		
Origination and reversal of temporary differences	1,542	(1,699)
Income tax expense	$ 53,222	$ 28,556

	Nine-month periods ended September 30, 2021	Nine-month periods ended September 30, 2020
Current tax:		
Current tax on profits for the period	$ 161,296	$ 102,157
Tax on undistributed surplus earnings	42	-
Prior year income tax overestimation	(15,525)	(15,883)
Total current tax	145,813	86,274
Deferred tax:		
Origination and reversal of temporary differences	2,108	(8,056)
Income tax expense	$ 147,921	$ 78,218

B. The Company's income tax returns through 2018 have been assessed and approved by the Tax Authority.

(19) Earnings per share

	Three-month periods ended September 30, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders	$ 211,711	184,906	$ 1.15
Diluted earnings per share			
Profit attributable to ordinary shareholders	$ 211,711	184,906	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	851	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	$ 211,711	185,757	$ 1.14

	Three-month periods ended September 30, 2020		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders	$ 112,847	184,905	$ 0.61
Diluted earnings per share			
Profit attributable to ordinary shareholders	$ 112,847	184,905	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	534	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	$ 112,847	185,439	$ 0.61

	Nine-month periods ended September 30, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders	$ 663,290	184,906	$ 3.59
Diluted earnings per share			
Profit attributable to ordinary shareholders	$ 663,290	184,906	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	1,001	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	$ 663,290	185,907	$ 3.57

	Nine-month periods ended September 30, 2020		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders	$ 386,793	184,905	$ 2.09
Diluted earnings per share			
Profit attributable to ordinary shareholders	$ 386,793	184,905	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	1,260	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	$ 386,793	186,165	$ 2.08

(20) Supplemental cash flow information

A. Investing activities with partial cash payments

	Nine-month periods ended September 30, 2021	Nine-month periods ended September 30, 2020
Purchase of property, plant and equipment	$ 67,018	$ 40,361
Add: Opening balance of payable on equipment	3,704	30,462
Less: Ending balance of payable on equipment	(21,293)	(6,865)
Cash paid during the period	$ 49,429	$ 63,958

B. Investing activities with no cash flow effects

	Nine-month periods ended September 30, 2021	Nine-month periods ended September 30, 2020
Prepayments for business facilities transferred to property, plant and equipment	$ 200	$ 12,499
Property, plant and equipment transferred to other receivables	(1,237)	-
	($ 1,037)	$ 12,499

(21) Changes in liabilities from financing activities

2021	Short-term borrowings	Long-term borrowings	Lease liabilities	Dividend payable	Liabilities from financing activities-gross
At January 1	$ 380,000	$ 400,000	$ 947	$ -	$ 780,947
Changes in cash flow from financing activities	220,000	(120,000)	(1,233)	(478,906)	(380,139)
Changes in other non-cash items	-	-	1,235	478,906	480,141
At September 30	$ 600,000	$ 280,000	$ 949	$ -	$ 880,949

2020	Short-term borrowings	Long-term borrowings	Lease liabilities	Dividend payable	Liabilities from financing activities-gross
At January 1	$ 470,000	$ 400,000	$ 2,721	$ -	$ 872,721
Changes in cash flow from financing activities	110,000	-	(1,329)	(462,264)	(353,593)
Changes in other non-cash items	-	-	-	462,264	462,264
At September 30	$ 580,000	$ 400,000	$ 1,392	$ -	$ 981,392

7. Related Party Transactions

(1) Parent and ultimate controlling party

None.

(2) Names of related parties and relationship

None.

(3) Key management compensation

	Three-month periods ended September 30,	
	2021	2020
Salaries and other short-term employee benefits	$ 25,210	$ 16,584
Post-employment benefits	135	159
Total	$ 25,345	$ 16,743

	Nine-month periods ended September 30,	
	2021	2020
Salaries and other short-term employee benefits	$ 73,353	$ 52,292
Post-employment benefits	436	487
Total	$ 73,789	$ 52,779

8. Pledged Assets

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

	Book value			
Pledged asset	September 30, 2021	December 31, 2020	September 30, 2020	Purpose
Property, plant and equipment	$ 1,066,875	$ 1,113,558	$ 1,129,119	For guarantee of borrowings facilities

9. Significant Contingent Liabilities and Unrecognized Contract Commitments

(1) Contingencies

None.

(2) Commitments

A. Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	September 30, 2021	December 31, 2020	September 30, 2020
Property, plant and equipment	$ 497,955	$ 57,428	$ 75,340

B. Guarantee for customs duties

The Company's guarantee for customs duties is as follows:

September 30, 2021	December 31, 2020	September 30, 2020
$ 10,000	$ 10,000	$ 10,000

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

None.

12. Others

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the balance sheet). Total capital is calculated as 'equity' as shown in the balance sheet.

The gearing ratios at September 30, 2021, December 31, 2020 and September 30, 2020 were as follows:

	September 30, 2021	December 31, 2020	September 30, 2020
Total borrowings	$ 880,000	$ 780,000	$ 980,000
Total equity	$ 3,086,103	$ 2,901,719	$ 2,755,453
Gearing ratio	29%	27%	36%

(2) Financial instruments

A. Financial instruments by category

	September 30, 2021	December 31, 2020	September 30, 2020
Financial assets			
Financial assets at amortised cost			
Cash and cash equivalents	$ 1,155,034	$ 1,066,356	$ 997,283
Notes receivable	607	432	325
Accounts receivable	588,930	463,482	384,495
Other receivables	3,617	2,695	2,678
Guarantee deposits paid	197	67	67
	$ 1,748,385	$ 1,533,032	$ 1,384,848

	September 30, 2021	December 31, 2020	September 30, 2020
Financial liabilities			
Financial liabilities at amortised cost			
Short-term borrowings	$ 600,000	$ 380,000	$ 580,000
Accounts payable	370,105	317,432	262,829
Other accounts payable	296,613	221,472	195,922
Long-term borrowings (including current portion)	280,000	400,000	400,000
	$ 1,546,718	$ 1,318,904	$ 1,438,751
Lease liability	$ 949	$ 947	$ 1,392

B. Financial risk management policies

(a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

(b) Risk management is carried out by Company treasury department under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

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

	September 30, 2021		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
Financial assets			
Monetary items			
USD:NTD	$ 35,757	27.85	$ 995,832
EUR:NTD	7,854	32.32	253,852
Financial liabilities			
Monetary items			
USD:NTD	$ 10,185	27.85	$ 283,652

	December 31, 2020		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
Financial assets			
Monetary items			
USD:NTD	$ 37,490	28.48	$ 1,067,715
Financial liabilities			
Monetary items			
USD:NTD	$ 8,839	28.48	$ 251,735

	September 30, 2020				
	Foreign currency amount (In thousands)		Exchange rate	Book value (NTD)	
Financial assets					
Monetary items					
USD:NTD	$	33,238	29.10	$	967,226
Financial liabilities					
Monetary items					
USD:NTD	$	6,693	29.10	$	194,766

ii. Analysis of foreign currency market risk arising from significant foreign exchange variation:

	September 30, 2021				
	Sensitivity analysis				
	Degree of variation	Effect on profit or loss		Effect on other comprehensive income	
Financial assets					
Monetary items					
USD:NTD	1%	$	9,958	$	-
EUR:NTD	1%		2,539		-
Financial liabilities					
Monetary items					
USD:NTD	1%	$	2,837	$	-

	December 31, 2020				
	Sensitivity analysis				
	Degree of variation	Effect on profit or loss		Effect on other comprehensive income	
Financial assets					
Monetary items					
USD:NTD	1%	$	10,677	$	-
Financial liabilities					
Monetary items					
USD:NTD	1%	$	2,517	$	-

	September 30, 2020		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
Financial assets			
Monetary items			
USD:NTD	1%	$ 9,672	$ -
Financial liabilities			
Monetary items			
USD:NTD	1%	$ 1,948	$ -

iii. Total exchange gain (loss), including realized and unrealised arising from significant foreign exchange variation on the monetary items held by the Company for three-month and nine-month periods ended September 30, 2021 and 2020, amounted to $1,907, ($17,230), ($17,343) and ($17,166), respectively.

Price risk

Not applicable.

Cash flow and fair value Interest rate risk

i. The Company's main interest rate risk arises from long-term borrowings issued at variable rates expose the Company to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. For the nine-month periods ended September 30, 2021 and 2020, the Company's borrowings at variable rate were mainly denominated in New Taiwan dollars.

ii. If the borrowing interest rate of New Taiwan dollars had increased/decreased by 1% with all other variables held constant, profit, net of tax for the nine-month periods ended September 30, 2021 and 2020 would have increased/decreased by $1,680 and $2,400. The main factor is that changes in interest expense result in floating-rate borrowings.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.

ii. According to the Company's credit policy, each local entity in the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

iii. According to the historical transaction experience of the Company, the default occurs when the contract payments are past due over 180 days.

iv. The Company adopts following assumptions under IFRS 9 to assess when the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

v. The Company classifies customers' accounts receivable in accordance with customer types. The Company applies the modified approach to estimate expected credit loss under the provision matrix basis.

vi. The Company used the forecast ability of Taiwan Institute of Economic Research boom observation report to adjust historical and timely information to assess the default possibility of accounts receivable. On September 30, 2021, December 31, 2020 and September 30, 2020, the provision matrix is as follows:

	Without past due	Up to 60 days	Up to 90 days	Up to 180 days	Over 181 days	Total
At September 30, 2021						
Expected loss rate	0.03%	0.07%	0.20%	15.00%	100.00%	
Total book value	$ 510,360	$ 79,150	$ -	$ -	$ -	$ 589,510
Loss allowance	$ 153	$ 427	$ -	$ -	$ -	$ 580

	Without past due	Up to 60 days	Up to 90 days	Up to 180 days	Over 181 days	Total
At December 31, 2020						
Expected loss rate	0.03%	0.07%	0.20%	15.00%	100.00%	
Total book value	$ 431,304	$ 30,463	$ 2,107	$ -	$ 188	$ 464,062
Loss allowance	$ 129	$ 21	$ 242	$ -	$ 188	$ 580

	Without past due	Up to 60 days	Up to 90 days	Up to 180 days	Over 181 days	Total
At September 30, 2020						
Expected loss rate	0.03%	0.07%	0.20%	15.00%	100.00%	
Total book value	$ 353,646	$ 27,647	$ 789	$ -	$ 2,993	$ 385,075
Loss allowance	$ 106	$ 19	$ 2	$ -	$ 453	$ 580

vii. Movements in relation to the Company applying the modified approach to provide loss allowance for accounts receivable is as follows:

	2021	2020
At January 1	$ 580	$ 580
Provision for impairment	-	1,608
Write-offs	-	(1,608)
At September 30	$ 580	$ 580

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating units of the Company and aggregated by the Company's treasury department. The Company's treasury department monitors rolling forecast of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs.

ii. The treasury department invests surplus cash in interest bearing current accounts and time deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.

iii. The table below analyses the Company's non-derivate financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities	Less than 1 year	Over 1 years
September 30, 2021		
Short-term borrowings	$ 600,195	$ -
Accounts payable	370,105	-
Other payables	296,613	-
Other current liability	7,717	-
Lease liability	715	240
Long-term borrowings (including current portion)	2,710	281,960

Non-derivative financial liabilities	Less than 1 year	Over 1 years
December 31, 2020		
Short-term borrowings	$ 380,135	$ -
Accounts payable	317,432	-
Other payables	221,472	-
Other current liability	5,425	-
Lease liability	891	61
Long-term borrowings (including current portion)	3,872	405,697

Non-derivative financial liabilities

	Less than 1 year	Over 1 years
September 30, 2020		
Short-term borrowings	$ 580,162	$ -
Accounts payable	262,829	-
Other payables	195,922	-
Other current liability	7,162	-
Lease liability	1,157	244
Long-term borrowings (including current portion)	3,882	406,690

iv. The Company does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value information

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

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

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.

B. The carrying amounts of the financial instruments not measured at fair value (including cash and cash equivalents, notes receivable, accounts receivable, other receivables, guarantee deposits paid, short-term borrowings, accounts payable, other payables, current lease liabilities, long-term borrowings and non-current lease liabilities) are approximate to their fair values.

C. The balance of financial instruments measured at fair value on September 30, 2021, December 31, 2020 and September 30, 2020 is $0, so there is no disclosure of relevant fair value information.

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

E. For the nine-month periods ended September 30, 2021 and 2020, there was no transfer in and out from level 3.

(4) Other matter

Due to the Covid-19 and the government's epidemic prevention measures, the market demand of the Company's product has increased. So far, the production of the Company operates normally, and the relative employees work off-site by group. In terms of the supply chain, the Company maintains partnerships with suppliers to ensure that the supply proceeds as usual. In the post-epidemic era, with the growth of 5G communication equipment and new projects in relation to mobile phone, the Company assists customers to conduct the product development. Overall speaking, the Covid-19 does not have a significant negative impact on the Company's operations.

13. Supplementary Disclosures

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: None.

C. Holding of securities at the end of the period (not including subsidiaries, associates and joint ventures): None.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: None.

E. Acquisition of real estate reaching $300 million or 20% of the Company's paid-in capital or more: None.

F. Disposal of real estate reaching $300 million or 20% of the Company's paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of the Company's paid-in capital or more: None.

H. Receivables from related parties reaching $100 million or 20% of the Company's paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: None.

(2) Information on investees

None.

(3) Information on investments in Mainland China

None.

(4) Major shareholders information

There was no shareholder held more than 5% of the Company's shares.

14. Segment Information

(1) General information

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

(2) Information about segment profit or loss, assets and liabilities

The Company's segment information, including segment income or loss, assets and liabilities, is consistent with that in the financial statements.

(3) Reconciliation for segment income (loss)

The Company operates business only in a single industry. The Chief Operating Decision-Maker, who allocates resources and assesses performance of the Company as a whole, has identified that the Company has only one reportable operating segment, therefore, no reconciliation was needed.