

**ChipMOS TECHNOLOGIES INC. AND
SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
REVIEW REPORT OF INDEPENDENT ACCOUNTANTS
FOR THE NINE MONTHS ENDED
SEPTEMBER 30, 2021 AND 2020**

For the convenience of readers and for information purpose only, the review report of independent accountants and the accompanying consolidated 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 review report of independent accountants and consolidated financial statements shall prevail.

ChipMOS TECHNOLOGIES INC. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
AND REVIEW REPORT OF INDEPENDENT ACCOUNTANTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020
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REVIEW REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Shareholders of ChipMOS TECHNOLOGIES INC.

Introduction

We have reviewed the accompanying consolidated balance sheets of ChipMOS TECHNOLOGIES INC. and its subsidiaries (the “Group”) as of September 30, 2021 and 2020, and the related consolidated statements of comprehensive income for the three months and nine months then ended, as well as the consolidated statements of changes in equity and of cash flows for the nine months then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards No. 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of review

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

Conclusion

Based on our reviews and the reports of other independent accountants, as described in the *Other matter* section of the report, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of September 30, 2021 and 2020, and its consolidated financial performance for the three months and nine months then ended, and its consolidated cash flows for the nine months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission.

Other matter

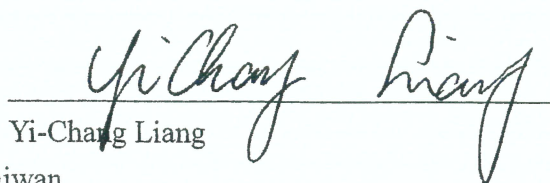
We did not review the financial statements of a certain investment accounted for using the equity method which were reviewed by other independent accountants. Therefore, our conclusion expressed herein, insofar as it relates to the amounts of the investee included in the consolidated financial statements is based solely on the reports of the other independent accountants. The balance of this investment accounted for using the equity method amounted to NT\$283,584 thousand and NT\$229,371 thousand, constituting 0.7% and 0.7% of the consolidated total assets as of September 30, 2021 and 2020, respectively, and total net comprehensive income including the share of profit and other comprehensive income of associate accounted for using the equity method amounted to NT\$21,275 thousand, NT\$10,379 thousand, NT\$45,265 thousand and NT\$16,578 thousand, constituting 1.5%, 2.0%, 1.3% and 1.0% of the consolidated total comprehensive income for the three months and nine months then ended, respectively.



Chien-Yeh Hsu

For and on behalf of PricewaterhouseCoopers, Taiwan

November 8, 2021



Yi-Chang Liang

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the review of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and review 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.

ChipMOS TECHNOLOGIES INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(Expressed in thousands of New Taiwan dollars)

(The consolidated balance sheets as of September 30, 2021 and 2020 are reviewed, not audited)

Assets		Notes	September 30, 2021		December 31, 2020		September 30, 2020	
			Amount	%	Amount	%	Amount	%
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 5,188,760	13	\$ 4,113,651	12	\$ 4,788,223	14
1110	Current financial assets at fair value through profit or loss	6(2)	361,200	1	53,120	-	217,820	1
1136	Current financial assets at amortized cost	6(3)	202,100	-	206,482	1	181,450	-
1140	Current contract assets	6(19)	361,287	1	389,016	1	352,461	1
1150	Notes receivable, net		1,051	-	599	-	559	-
1170	Accounts receivable, net	6(4)	6,169,900	16	5,364,156	15	4,637,088	14
1200	Other receivables		61,930	-	51,436	-	27,742	-
1210	Other receivables — related parties		-	-	-	-	17,000	-
1220	Current tax assets		180	-	-	-	-	-
130X	Inventories	6(5)	2,612,075	7	2,102,075	6	2,036,181	6
1410	Prepayments		166,233	-	75,568	-	59,117	-
11XX	Total current assets		15,124,716	38	12,356,103	35	12,317,641	36
Non-current assets								
1510	Non-current financial assets at fair value through profit or loss	6(2)	-	-	10,368	-	9,982	-
1517	Non-current financial assets at fair value through other comprehensive income	6(6)	261,604	1	262,007	1	218,003	1
1535	Non-current financial assets at amortized cost	6(3) and 8	45,339	-	48,319	-	55,325	-
1550	Investments accounted for using equity method	6(7)	3,512,212	9	3,271,677	9	3,282,693	10
1600	Property, plant and equipment	6(8) and 8	18,513,415	47	17,994,686	51	17,276,800	51
1755	Right-of-use assets	6(9)	1,085,496	3	859,069	3	731,352	2
1840	Deferred tax assets		170,563	-	185,691	1	181,585	-
1920	Refundable deposits		20,758	-	21,186	-	21,150	-
1990	Other non-current assets		599,742	2	71,708	-	56,320	-
15XX	Total non-current assets		24,209,129	62	22,724,711	65	21,833,210	64
1XXX	Total assets		\$ 39,333,845	100	\$ 35,080,814	100	\$ 34,150,851	100

(Continued)

ChipMOS TECHNOLOGIES INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(Expressed in thousands of New Taiwan dollars)

(The consolidated balance sheets as of September 30, 2021 and 2020 are reviewed, not audited)

Liabilities and Equity		Notes	September 30, 2021		December 31, 2020		September 30, 2020	
			Amount	%	Amount	%	Amount	%
Liabilities								
Current liabilities								
2100	Short-term bank loans	6(10)(30)	\$ 1,207,201	3	\$ -	-	\$ -	-
2150	Notes payable		93	-	2,899	-	26	-
2170	Accounts payable	6(11)	1,098,806	3	966,821	3	791,679	2
2200	Other payables	6(12)	2,929,409	8	3,249,403	9	2,167,889	7
2220	Other payables—related parties		968	-	-	-	-	-
2230	Current tax liabilities		557,152	1	474,765	1	280,577	1
2250	Current provisions		2,570	-	3,463	-	2,039	-
2280	Current lease liabilities	6(30)	336,334	1	132,549	1	52,569	-
2310	Receipts in advance		-	-	10,790	-	9,475	-
2320	Long-term bank loans, current portion	6(13)(30) and 8	748,735	2	748,353	2	748,264	2
2365	Current refund liabilities		10,335	-	9,864	-	9,597	-
2399	Other current liabilities		21,146	-	21,059	-	22,661	-
21XX	Total current liabilities		<u>6,912,749</u>	<u>18</u>	<u>5,619,966</u>	<u>16</u>	<u>4,084,776</u>	<u>12</u>
Non-current liabilities								
2540	Long-term bank loans	6(13)(30) and 8	7,948,709	20	6,985,212	20	8,467,254	25
2570	Deferred tax liabilities		250,934	1	300,179	1	300,466	1
2580	Non-current lease liabilities	6(30)	764,465	2	737,946	2	688,771	2
2630	Long-term deferred revenue		97,145	-	72,438	-	65,823	-
2640	Net defined benefit liability, non-current		496,058	1	511,651	2	466,971	1
2645	Guarantee deposits	6(30)	21,627	-	21,670	-	1,686	-
25XX	Total non-current liabilities		<u>9,578,938</u>	<u>24</u>	<u>8,629,096</u>	<u>25</u>	<u>9,990,971</u>	<u>29</u>
2XXX	Total liabilities		<u>16,491,687</u>	<u>42</u>	<u>14,249,062</u>	<u>41</u>	<u>14,075,747</u>	<u>41</u>
Equity								
Equity attributable to equity holders of the Company								
	Capital stock	6(15)						
3110	Capital stock—common stock		7,272,401	19	7,272,401	21	7,272,401	21
	Capital surplus	6(16)						
3200	Capital surplus		6,059,651	15	6,059,651	17	6,059,651	18
	Retained earnings							
3310	Legal reserve		2,070,505	5	1,837,894	5	1,837,894	6
3320	Special reserve		-	-	19,802	-	19,802	-
3350	Unappropriated retained earnings		7,335,050	19	5,498,370	15	4,853,521	14
	Other equity interest	6(18)						
3400	Other equity interest		104,551	-	143,634	1	31,835	-
31XX	Equity attributable to equity holders of the Company		<u>22,842,158</u>	<u>58</u>	<u>20,831,752</u>	<u>59</u>	<u>20,075,104</u>	<u>59</u>
3XXX	Total equity		<u>22,842,158</u>	<u>58</u>	<u>20,831,752</u>	<u>59</u>	<u>20,075,104</u>	<u>59</u>
	Significant contingent liabilities and unrecognized contract commitments	9						
3X2X	Total liabilities and equity		\$ 39,333,845	100	\$ 35,080,814	100	\$ 34,150,851	100

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

ChipMOS TECHNOLOGIES INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except earnings per share in dollars)
(Unaudited)

	Items	Notes	Three months ended September 30,				Nine months ended September 30,			
			2021		2020		2021		2020	
			Amount	%	Amount	%	Amount	%	Amount	%
4000	Revenue	6(19)	\$ 7,161,039	100	\$ 5,686,127	100	\$ 20,608,620	100	\$ 16,701,062	100
5000	Cost of revenue	6(5)(25)(26)	(5,203,242)	(73)	(4,590,534)	(81)	(15,123,161)	(73)	(13,210,293)	(79)
5900	Gross profit		<u>1,957,797</u>	<u>27</u>	<u>1,095,593</u>	<u>19</u>	<u>5,485,459</u>	<u>27</u>	<u>3,490,769</u>	<u>21</u>
	Operating expenses	6(25)(26)								
6100	Sales and marketing expenses		(20,137)	-	(13,958)	-	(51,513)	-	(41,566)	-
6200	General and administrative expenses		(152,107)	(2)	(135,436)	(3)	(451,734)	(2)	(391,805)	(2)
6300	Research and development expenses		(290,792)	(4)	(244,960)	(4)	(847,144)	(4)	(755,077)	(5)
6000	Total operating expenses		(463,036)	(6)	(394,354)	(7)	(1,350,391)	(6)	(1,188,448)	(7)
6500	Other income (expenses), net	6(20)	<u>32,744</u>	<u>-</u>	<u>16,405</u>	<u>-</u>	<u>91,818</u>	<u>-</u>	<u>104,630</u>	<u>-</u>
6900	Operating profit		<u>1,527,505</u>	<u>21</u>	<u>717,644</u>	<u>12</u>	<u>4,226,886</u>	<u>21</u>	<u>2,406,951</u>	<u>14</u>
	Non-operating income (expenses)									
7100	Interest income	6(21)	2,510	-	3,281	-	6,630	-	24,740	-
7010	Other income	6(22)	10,667	-	6,855	-	23,273	-	14,800	-
7020	Other gains and losses	6(23)	9,275	-	(105,567)	(2)	(57,132)	-	(167,293)	(1)
7050	Finance costs	6(24)	(32,354)	-	(39,872)	-	(97,553)	-	(132,679)	(1)
7060	Share of gain (loss) of associates and joint ventures accounted for using equity method		<u>157,353</u>	<u>2</u>	(43,149)	(1)	<u>278,646</u>	<u>-</u>	(55,127)	<u>-</u>
7000	Total non-operating income (expenses)		<u>147,451</u>	<u>2</u>	(178,452)	(3)	<u>153,864</u>	<u>-</u>	(315,559)	(2)
7900	Profit before income tax		<u>1,674,956</u>	<u>23</u>	<u>539,192</u>	<u>9</u>	<u>4,380,750</u>	<u>21</u>	<u>2,091,392</u>	<u>12</u>
7950	Income tax expense	6(27)	(276,072)	(4)	(115,757)	(2)	(739,157)	(3)	(410,312)	(2)
8200	Profit for the period		<u>\$ 1,398,884</u>	<u>19</u>	<u>\$ 423,435</u>	<u>7</u>	<u>\$ 3,641,593</u>	<u>18</u>	<u>\$ 1,681,080</u>	<u>10</u>
	Other comprehensive income (loss)									
8316	Unrealized (loss) gain on valuation of equity instruments at fair value through other comprehensive income	6(6)	(\$ 16,941)	-	\$ 51,014	1	(\$ 403)	-	\$ 96,195	-
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method that will not be reclassified to profit or loss	6(7)	8,465	-	4,433	-	17,061	-	3,189	-
8349	Income tax effect on components that will not be reclassified to profit or loss	6(27)	<u>3,388</u>	<u>-</u>	(10,204)	<u>-</u>	<u>80</u>	<u>-</u>	(19,240)	<u>-</u>
8310	Components of other comprehensive (loss) income that will not be reclassified to profit or loss		(5,088)	-	45,243	1	16,738	-	80,144	-
8361	Exchange differences on translation of foreign operations	6(18)	(3,805)	-	42,059	1	(47,997)	-	(28,327)	-
8360	Components of other comprehensive (loss) income that will be reclassified to profit or loss		(3,805)	-	42,059	1	(47,997)	-	(28,327)	-
8300	Other comprehensive (loss) income, net of income tax		<u>(\$ 8,893)</u>	<u>-</u>	<u>\$ 87,302</u>	<u>2</u>	<u>(\$ 31,259)</u>	<u>-</u>	<u>\$ 51,817</u>	<u>-</u>
8500	Total comprehensive income for the period		<u>\$ 1,389,991</u>	<u>19</u>	<u>\$ 510,737</u>	<u>9</u>	<u>\$ 3,610,334</u>	<u>18</u>	<u>\$ 1,732,897</u>	<u>10</u>
9750	Earnings per share - basic	6(28)	<u>\$ 1.93</u>		<u>\$ 0.58</u>		<u>\$ 5.01</u>		<u>\$ 2.31</u>	
9850	Earnings per share - diluted	6(28)	<u>\$ 1.91</u>		<u>\$ 0.58</u>		<u>\$ 4.92</u>		<u>\$ 2.29</u>	

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

ChipMOS TECHNOLOGIES INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)
(Unaudited)

	Notes	Equity attributable to equity holders of the Company						Other equity interest	Total equity
		Capital stock – common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations		
								Unrealized gain on valuation of financial assets at fair value through other comprehensive income	
<u>Year 2020</u>									
Balance at January 1, 2020		\$ 7,272,401	\$ 6,059,651	\$ 1,579,478	\$ -	\$ 4,759,511	(\$ 89,682)	\$ 69,880	\$ 19,651,239
Profit for the period		-	-	-	-	1,681,080	-	-	1,681,080
Other comprehensive income (loss)	6(18)	-	-	-	-	180	(28,327)	79,964	51,817
Total comprehensive income (loss) for the period		-	-	-	-	1,681,260	(28,327)	79,964	1,732,897
Appropriation of prior year's earnings:	6(17)								
Legal reserve		-	-	258,416	-	(258,416)	-	-	-
Special reserve		-	-	-	19,802	(19,802)	-	-	-
Cash dividends		-	-	-	-	(1,309,032)	-	-	(1,309,032)
Balance at September 30, 2020		\$ 7,272,401	\$ 6,059,651	\$ 1,837,894	\$ 19,802	\$ 4,853,521	(\$ 118,009)	\$ 149,844	\$ 20,075,104
<u>Year 2021</u>									
Balance at January 1, 2021		\$ 7,272,401	\$ 6,059,651	\$ 1,837,894	\$ 19,802	\$ 5,498,370	(\$ 61,330)	\$ 204,964	\$ 20,831,752
Profit for the period		-	-	-	-	3,641,593	-	-	3,641,593
Other comprehensive income (loss)	6(18)	-	-	-	-	7,824	(47,997)	8,914	(31,259)
Total comprehensive income (loss) for the period		-	-	-	-	3,649,417	(47,997)	8,914	3,610,334
Appropriation of prior year's earnings:	6(17)								
Legal reserve		-	-	232,611	-	(232,611)	-	-	-
Special reserve		-	-	-	(19,802)	19,802	-	-	-
Cash dividends		-	-	-	-	(1,599,928)	-	-	(1,599,928)
Balance at September 30, 2021		\$ 7,272,401	\$ 6,059,651	\$ 2,070,505	\$ -	\$ 7,335,050	(\$ 109,327)	\$ 213,878	\$ 22,842,158

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

ChipMOS TECHNOLOGIES INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)
(Unaudited)

	Notes	Nine months ended September 30, 2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax		\$ 4,380,750	\$ 2,091,392
Adjustments to reconcile profit (loss)			
Depreciation expenses	6(8)(9)(25)	3,479,304	3,115,716
Expected credit losses		230	32
Interest expense	6(24)	89,884	126,112
Interest income	6(21)	(6,630)	(24,740)
Dividend income	6(22)	(3,658)	(1,911)
Share of (gain) loss of associates and joint ventures accounted for using equity method		(278,646)	55,127
Gain on valuation of financial assets at fair value through profit or loss	6(2)(23)	(15,937)	(21,808)
Gain on disposal of property, plant and equipment	6(20)	(32,435)	(44,324)
Deferred income		(8,795)	(7,555)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		(291,202)	(194,956)
Current contract assets		27,738	25,416
Notes receivable		(452)	206
Accounts receivable		(805,976)	(184,235)
Accounts receivable—related parties		-	1,045
Other receivables		(7,887)	25,798
Other receivables—related parties		-	4,923
Inventories		(510,000)	(268,539)
Prepayments		(85,205)	4,359
Other non-current assets		5,762	5,185
Changes in operating liabilities			
Current contract liabilities		-	(1,231)
Notes payable		(2,806)	26
Accounts payable		131,985	(27,869)
Other payables		35,835	(248,057)
Current provisions		(893)	41
Current refund liabilities		471	(16,403)
Other current liabilities		87	(9,581)
Net defined benefit liability, non-current		(15,593)	(13,136)
Cash generated from operations		6,085,931	4,391,033
Interest received		6,127	29,514
Dividend received		16,108	21,911
Interest paid		(74,472)	(118,221)
Income tax paid		(690,319)	(271,906)
Net cash generated from operating activities		5,343,375	4,052,331

(Continued)

ChipMOS TECHNOLOGIES INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)
(Unaudited)

	Notes	Nine months ended September 30,	
		2021	2020
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Decrease in financial assets at amortized cost		\$ 7,362	\$ 645
Proceeds from disposal of financial assets at fair value			
through profit or loss		9,427	-
Acquisition of property, plant and equipment	6(29)	(4,212,147)	(2,925,293)
Proceeds from disposal of property, plant and equipment		106,679	78,348
Decrease (increase) in refundable deposits		428	(5)
(Increase) decrease in other non-current assets		(533,796)	5,621
Increase in long-term deferred revenue		22,712	75,391
Net cash used in investing activities		(4,599,335)	(2,765,293)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
	6(30)		
Proceeds from short-term bank loans		1,579,625	151,071
Payments on short-term bank loans		(372,424)	(151,071)
Payments on lease liabilities		(214,956)	(48,131)
Proceeds from long-term bank loans		1,822,287	3,539,109
Payments on long-term bank loans		(878,450)	(3,378,450)
(Decrease) increase in guarantee deposits		(43)	591
Cash dividend paid	6(17)	(1,599,928)	(1,309,032)
Net cash generated from (used in) financing activities		336,111	(1,195,913)
Effect of foreign exchange rate changes		(5,042)	(6,986)
Net increase in cash and cash equivalents		1,075,109	84,139
Cash and cash equivalents at beginning of period		4,113,651	4,704,084
Cash and cash equivalents at end of period		\$ 5,188,760	\$ 4,788,223

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

ChipMOS TECHNOLOGIES INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020

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

(Unaudited)

1. HISTORY AND ORGANIZATION

ChipMOS TECHNOLOGIES INC. (the “Company”) was incorporated on July 28, 1997. The Company and its subsidiaries (collectively referred herein as the “Group”) are primarily engaged in the research, development, manufacturing and sale of high-integration and high-precision integrated circuits and related assembly and testing services. On April 11, 2014, the Company’s shares were listed on the Taiwan Stock Exchange. On November 1, 2016, the Company’s American Depositary Shares (“ADSs”) were listed on the NASDAQ Global Select Market.

2. THE AUTHORIZATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements were authorized for issuance by the Board of Directors on November 8, 2021.

3. APPLICATION OF NEW AND AMENDED INTERNATIONAL FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date issued by International Accounting Standards Board (“IASB”)</u>
Amendments to IFRS 4, “Extension of the Temporary Exemption from Applying IFRS 9”	January 1, 2021
Amendments to IFRS 9, International Accounting Standards (“IAS”) 39, IFRS 7, IFRS 4 and IFRS 16, “Interest Rate Benchmark Reform – Phase 2”	January 1, 2021
Amendments to IFRS 16, “Covid-19-Related Rent Concessions beyond 30 June 2021”	April 1, 2021 (Note)

Note: Early adoption from January 1, 2021 is allowed by FSC.

B. Based on the Group’s assessment, the above standards and interpretations have no significant impact on the Group’s financial position and financial performance.

(2) Effect of new, revised or amended IFRSs as endorsed by the FSC that has not yet adopted

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date issued by IASB</u>
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

B. Based on the Group's assessment, the above standards and interpretations have no significant impact on the Group's financial position and financial performance.

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date issued by IASB</u>
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 IASB
IFRS 17, "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17, "Insurance Contracts"	January 1, 2023
Amendments to IAS 1, "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 1, "Disclosure of Accounting 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

B. Based on the Group's assessment, the above standards and interpretations have no significant impact on the Group's financial position and financial performance.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Statement of compliance

A. The consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IAS 34, "Interim Financial Reporting" as endorsed by the FSC.

B. The consolidated financial statements are to be read in conjunction with the consolidated financial statements for the year ended December 31, 2020.

(2) Basis of preparation

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

(3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements:

The basis for preparation of consolidated financial statements are consistent with those for the year ended December 31, 2020.

- B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of investee	Main business	Percentage of Ownership (%)		
			September 30, 2021	December 31, 2020	September 30, 2020
The Company	ChipMOS U.S.A., Inc. ("ChipMOS USA")	Marketing of semiconductors and electronic related products	100	100	100
The Company	ChipMOS TECHNOLOGIES (BVI) LTD. ("ChipMOS BVI")	Holding company	100	100	100
ChipMOS BVI	ChipMOS SEMICONDUCTORS (Shanghai) LTD. ("ChipMOS Shanghai")	Marketing of semiconductors and electronic related products	100	100	100

- C. Subsidiaries not included in the consolidated financial statements: None.
- D. Adjustments for subsidiaries with different balance sheet dates: Not applicable.
- E. No significant restrictions on the ability of subsidiaries to transfer funds to parent company.
- F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Employee benefits

Defined benefit plans

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

(5) Income tax

- A. The interim period income tax expense is recognized 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.

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

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

There have been no significant changes during the period. Please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2020.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	September 30, 2021	December 31, 2020	September 30, 2020
Cash on hand and petty cash	\$ 470	\$ 470	\$ 470
Checking accounts and demand deposits	1,542,040	2,609,421	2,812,600
Time deposits	3,646,250	1,503,760	1,975,153
	<u>\$ 5,188,760</u>	<u>\$ 4,113,651</u>	<u>\$ 4,788,223</u>

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

B. No cash and cash equivalents of the Group were pledged to others.

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

	September 30, 2021	December 31, 2020	September 30, 2020
Current:			
Financial assets mandatorily measured at fair value through profit or loss			
Listed stocks	\$ 339,679	\$ 46,512	\$ 46,512
Beneficiary certificates	-	-	150,000
Valuation adjustment	21,521	6,608	21,308
	<u>\$ 361,200</u>	<u>\$ 53,120</u>	<u>\$ 217,820</u>
Non-current:			
Financial assets mandatorily measured at fair value through profit or loss			
Foreign partnership interests	\$ -	\$ 10,940	\$ 10,940
Valuation adjustment	-	(572)	(958)
	<u>\$ -</u>	<u>\$ 10,368</u>	<u>\$ 9,982</u>

A. Amounts recognized in profit or loss in relation to the financial assets at fair value through profit or loss are listed below:

	<u>Three months ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	\$ 10,433	\$ 1,468
Beneficiary certificates	560	6,992
Foreign partnership interests	-	(749)
	<u>\$ 10,993</u>	<u>\$ 7,711</u>
	<u>Nine months ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	\$ 14,913	\$ 4,208
Beneficiary certificates	1,965	18,656
Foreign partnership interests	(941)	(1,056)
	<u>\$ 15,937</u>	<u>\$ 21,808</u>

B. No financial assets at fair value through profit or loss were pledged to others.

C. Information relating to price risk of financial assets at fair value through profit or loss is provided in Note 12(2).

(3) Financial assets at amortized cost

	<u>September 30,</u>	<u>December 31,</u>	<u>September 30,</u>
	<u>2021</u>	<u>2020</u>	<u>2020</u>
Current:			
Time deposits	<u>\$ 202,100</u>	<u>\$ 206,482</u>	<u>\$ 181,450</u>
Non-current:			
Restricted bank deposits	<u>\$ 45,339</u>	<u>\$ 48,319</u>	<u>\$ 55,325</u>

A. Amounts recognized in profit or loss in relation to financial assets at amortized cost are listed below:

	<u>Three months ended September 30,</u>		<u>Nine months ended September 30,</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Interest income	<u>\$ 308</u>	<u>\$ 595</u>	<u>\$ 1,002</u>	<u>\$ 1,873</u>

B. Without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortized cost held by the Group is the carrying amount at the end of each reporting period.

C. Information about the financial assets at amortized cost that were pledged to others as collateral is provided in Note 8.

D. Information relating to credit risk of financial assets at amortized cost is provided in Note 12(2).

(4) Accounts receivable

	September 30, 2021	December 31, 2020	September 30, 2020
Accounts receivable	\$ 6,171,752	\$ 5,365,776	\$ 4,638,490
Less: Loss allowance	(1,852)	(1,620)	(1,402)
	<u>\$ 6,169,900</u>	<u>\$ 5,364,156</u>	<u>\$ 4,637,088</u>

A. The Group's credit term granted to customers is 30~90 days. Receivables do not bear interest.

The loss allowance is determined based on the credit quality of customers. Information relating to credit risk is provided in Note 12(2).

B. The aging analysis of accounts receivable based on past due date are as follows:

	September 30, 2021	December 31, 2020	September 30, 2020
Current	\$ 6,162,429	\$ 5,272,208	\$ 4,630,884
Within 1 month	9,323	93,568	7,606
	<u>\$ 6,171,752</u>	<u>\$ 5,365,776</u>	<u>\$ 4,638,490</u>

C. As of September 30, 2021, December 31, 2020 and September 30, 2020, accounts receivable were all from contracts with customers. And as of January 1, 2020, the balance of accounts receivable from contracts with customers was \$4,452,904.

D. Without taking into account of any collateral held or other credit enhancements, the amount that best reflects the Group's maximum exposure to credit risk in respect of the accounts receivable is the carrying amount at the end of each reporting period.

E. No accounts receivable of the Group were pledged to others.

(5) Inventories

September 30, 2021			
	Cost	Allowance for impairment losses	Carrying amount
Raw materials	<u>\$ 2,702,163</u>	<u>(\$ 90,088)</u>	<u>\$ 2,612,075</u>
December 31, 2020			
	Cost	Allowance for impairment losses	Carrying amount
Raw materials	<u>\$ 2,181,890</u>	<u>(\$ 79,815)</u>	<u>\$ 2,102,075</u>
September 30, 2020			
	Cost	Allowance for impairment losses	Carrying amount
Raw materials	<u>\$ 2,118,668</u>	<u>(\$ 82,487)</u>	<u>\$ 2,036,181</u>

The cost of inventories recognized as an expense for the period:

	Three months ended September 30,	
	2021	2020
Cost of revenue	\$ 5,196,222	\$ 4,572,856
Allowance for inventory valuation and obsolescence loss	7,020	17,678
	<u>\$ 5,203,242</u>	<u>\$ 4,590,534</u>
	Nine months ended September 30,	
	2021	2020
Cost of revenue	\$ 15,112,889	\$ 13,186,083
Loss on abandonment	-	5,221
Allowance for inventory valuation and obsolescence loss	10,272	18,989
	<u>\$ 15,123,161</u>	<u>\$ 13,210,293</u>

A. Allowance for inventory valuation and obsolescence loss was recognized due to the change in net realizable value.

B. No inventories of the Group were pledged to others.

(6) Non-current financial assets at fair value through other comprehensive income

	September 30, 2021	December 31, 2020	September 30, 2020
Designation of equity instruments			
Foreign unlisted stocks	\$ 38,534	\$ 38,534	\$ 38,534
Valuation adjustment	223,070	223,473	179,469
	<u>\$ 261,604</u>	<u>\$ 262,007</u>	<u>\$ 218,003</u>

A. Based on the Group's business model, the foreign unlisted stocks held for strategic investments were elected to classify as "Financial assets at fair value through other comprehensive income". As of September 30, 2021, December 31, 2020 and September 30, 2020, the fair value of aforementioned investments is the carrying amount at the end of each reporting period.

B. Amounts recognized in other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	Three months ended September 30,	
	2021	2020
Financial assets at fair value through other comprehensive income		
Foreign unlisted stocks	(\$ 16,941)	\$ 51,014
	Nine months ended September 30,	
	2021	2020
Financial assets at fair value through other comprehensive income		
Foreign unlisted stocks	(\$ 403)	\$ 96,195

C. No financial assets at fair value through other comprehensive income were pledged to others.

D. Information about fair value measurement is provided in Note 12(3).

(7) Investments accounted for using equity method

<u>Associates</u>	September 30, 2021	December 31, 2020	September 30, 2020
JMC ELECTRONICS CO., LTD. (“JMC”)	\$ 283,584	\$ 250,769	\$ 229,371
Unimos Microelectronics (Shanghai) Co., Ltd. (“Unimos Shanghai”)	3,228,628	3,020,908	3,053,322
	<u>\$ 3,512,212</u>	<u>\$ 3,271,677</u>	<u>\$ 3,282,693</u>

A. The basic information and summarized financial information of the associates that are material to the Group are as follows:

(a) Basic information

<u>Company name</u>	<u>Principal place of business</u>	<u>Shareholding ratio</u>			<u>Nature of relationship</u>	<u>Method of measurement</u>
		September 30, 2021	December 31, 2020	September 30, 2020		
Unimos Shanghai	People’s Republic of China (“P.R.C.”)	45.02%	45.02%	45.02%	Strategic Investee	Equity method

(b) Summarized financial information

Balance sheets

	<u>Unimos Shanghai</u>		
	September 30, 2021	December 31, 2020	September 30, 2020
Current assets	\$ 2,416,774	\$ 2,438,725	\$ 2,711,308
Non-current assets	4,481,708	3,905,089	3,485,965
Current liabilities	(626,124)	(618,949)	(522,807)
Non-current liabilities	(249,707)	(248,583)	(155,037)
Total net assets	<u>\$ 6,022,651</u>	<u>\$ 5,476,282</u>	<u>\$ 5,519,429</u>
Share in associate’s net assets	\$ 2,711,650	\$ 2,465,651	\$ 2,485,078
Depreciable assets	494,860	533,139	546,126
Goodwill	22,118	22,118	22,118
Carrying amount of the associate	<u>\$ 3,228,628</u>	<u>\$ 3,020,908</u>	<u>\$ 3,053,322</u>

Statements of comprehensive income

	<u>Unimos Shanghai</u>	
	<u>Three months ended September 30,</u>	
	2021	2020
Revenue	\$ 1,110,170	\$ 393,946
Profit (loss) for the period from continuing operations	\$ 349,374	(\$ 80,675)
Other comprehensive income, net of income tax	-	-
Total comprehensive income (loss)	<u>\$ 349,374</u>	<u>(\$ 80,675)</u>
Dividends received from the associate	<u>\$ -</u>	<u>\$ -</u>

Statements of comprehensive income

	Unimos Shanghai	
	Nine months ended September 30,	
	2021	2020
Revenue	\$ 2,557,403	\$ 1,238,431
Profit (loss) for the period from continuing operations	\$ 641,256	(\$ 67,075)
Other comprehensive income, net of income tax	-	-
Total comprehensive income (loss)	\$ 641,256	(\$ 67,075)
Dividends received from the associate	\$ -	\$ -

- B. The carrying amount of the Group's interests in all individually immaterial associates and the Group's share of the operating results are summarized below:

As of September 30, 2021, December 31, 2020 and September 30, 2020, the carrying amount of the Group's individually immaterial associates amounted to \$283,584, \$250,769 and \$229,371, respectively.

	Three months ended September 30,	
	2021	2020
Profit for the period from continuing operations	\$ 12,810	\$ 5,946
Other comprehensive income, net of income tax	8,465	4,433
Total comprehensive income	\$ 21,275	\$ 10,379

	Nine months ended September 30,	
	2021	2020
Profit for the period from continuing operations	\$ 28,204	\$ 13,389
Other comprehensive income, net of income tax	17,061	3,189
Total comprehensive income	\$ 45,265	\$ 16,578

- C. JMC has quoted market prices. As of September 30, 2021, December 31, 2020 and September 30, 2020, the fair value was \$489,700, \$454,010 and \$395,495, respectively.

(8) Property, plant and equipment

2021							
	Land	Buildings	Machinery and equipment	Tools	Others	Construction in progress and equipment to be inspected	Total
<u>January 1</u>							
Cost	\$ 452,738	\$ 11,212,129	\$ 53,246,474	\$ 5,451,547	\$ 2,185,299	\$ 639,607	\$ 73,187,794
Accumulated depreciation and impairment	-	(7,119,843)	(41,898,177)	(4,499,186)	(1,675,902)	-	(55,193,108)
	<u>\$ 452,738</u>	<u>\$ 4,092,286</u>	<u>\$ 11,348,297</u>	<u>\$ 952,361</u>	<u>\$ 509,397</u>	<u>\$ 639,607</u>	<u>\$ 17,994,686</u>
January 1	\$ 452,738	\$ 4,092,286	\$ 11,348,297	\$ 952,361	\$ 509,397	\$ 639,607	\$ 17,994,686
Additions	-	1,046	8,392	406	76	3,857,436	3,867,356
Disposals	-	-	(66,854)	(9,502)	-	-	(76,356)
Reclassifications	-	428,128	2,584,738	492,384	153,524	(3,658,774)	-
Depreciation expenses	-	(314,368)	(2,178,309)	(600,963)	(178,619)	-	(3,272,259)
Exchange adjustment	-	-	(9)	-	(3)	-	(12)
September 30	<u>\$ 452,738</u>	<u>\$ 4,207,092</u>	<u>\$ 11,696,255</u>	<u>\$ 834,686</u>	<u>\$ 484,375</u>	<u>\$ 838,269</u>	<u>\$ 18,513,415</u>
<u>September 30</u>							
Cost	\$ 452,738	\$ 11,640,160	\$ 54,944,768	\$ 5,712,008	\$ 2,314,105	\$ 838,269	\$ 75,902,048
Accumulated depreciation and impairment	-	(7,433,068)	(43,248,513)	(4,877,322)	(1,829,730)	-	(57,388,633)
	<u>\$ 452,738</u>	<u>\$ 4,207,092</u>	<u>\$ 11,696,255</u>	<u>\$ 834,686</u>	<u>\$ 484,375</u>	<u>\$ 838,269</u>	<u>\$ 18,513,415</u>
2020							
	Land	Buildings	Machinery and equipment	Tools	Others	Construction in progress and equipment to be inspected	Total
<u>January 1</u>							
Cost	\$ 452,738	\$ 10,821,972	\$ 51,244,512	\$ 5,008,321	\$ 1,937,755	\$ 936,389	\$ 70,401,687
Accumulated depreciation and impairment	-	(6,726,043)	(40,081,391)	(4,111,845)	(1,502,964)	-	(52,422,243)
	<u>\$ 452,738</u>	<u>\$ 4,095,929</u>	<u>\$ 11,163,121</u>	<u>\$ 896,476</u>	<u>\$ 434,791</u>	<u>\$ 936,389</u>	<u>\$ 17,979,444</u>
January 1	\$ 452,738	\$ 4,095,929	\$ 11,163,121	\$ 896,476	\$ 434,791	\$ 936,389	\$ 17,979,444
Additions	-	132,572	592,528	409,832	142,775	1,095,829	2,373,536
Disposals	-	-	(77)	(2,091)	(484)	-	(2,652)
Reclassifications	-	154,650	1,115,476	144,941	97,205	(1,512,272)	-
Depreciation expenses	-	(295,044)	(2,056,390)	(560,592)	(161,489)	-	(3,073,515)
Exchange adjustment	-	-	(12)	-	(1)	-	(13)
September 30	<u>\$ 452,738</u>	<u>\$ 4,088,107</u>	<u>\$ 10,814,646</u>	<u>\$ 888,566</u>	<u>\$ 512,797</u>	<u>\$ 519,946</u>	<u>\$ 17,276,800</u>
<u>September 30</u>							
Cost	\$ 452,738	\$ 11,109,195	\$ 52,588,997	\$ 5,516,741	\$ 2,160,241	\$ 519,946	\$ 72,347,858
Accumulated depreciation and impairment	-	(7,021,088)	(41,774,351)	(4,628,175)	(1,647,444)	-	(55,071,058)
	<u>\$ 452,738</u>	<u>\$ 4,088,107</u>	<u>\$ 10,814,646</u>	<u>\$ 888,566</u>	<u>\$ 512,797</u>	<u>\$ 519,946</u>	<u>\$ 17,276,800</u>

- A. Amount of borrowing costs capitalized as part of property, plant and equipment and the range of the interest rates for such capitalization are as follows:

	Three months ended September 30,	
	2021	2020
Amount of interest capitalized	\$ 2,643	\$ 1,889
Range of the interest rates for capitalization	1.1475%	1.5467%

	Nine months ended September 30,	
	2021	2020
Amount of interest capitalized	\$ 8,638	\$ 8,024
Range of the interest rates for capitalization	1.1475%	1.5467%

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

(9) Leasing arrangements – lessee

- A. The Group leases various assets, including land, buildings, machinery and equipment, and others. Lease agreements are typically made for periods of 2 to 30 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. The carrying amount of right-of-use assets and the depreciation expenses are as follows:

	September 30, 2021	December 31, 2020	September 30, 2020
	Carrying amount	Carrying amount	Carrying amount
Land	\$ 621,579	\$ 636,261	\$ 641,344
Buildings	12,933	19,044	9,113
Machinery and equipment	446,647	203,249	79,995
Others	4,337	515	900
	<u>\$ 1,085,496</u>	<u>\$ 859,069</u>	<u>\$ 731,352</u>

	Three months ended September 30,	
	2021	2020
	Depreciation expenses	Depreciation expenses
Land	\$ 5,121	\$ 5,143
Buildings	1,953	1,942
Machinery and equipment	73,444	8,275
Others	419	387
	<u>\$ 80,937</u>	<u>\$ 15,747</u>

	Nine months ended September 30,	
	2021	2020
	Depreciation expenses	Depreciation expenses
Land	\$ 15,288	\$ 15,855
Buildings	5,891	5,879
Machinery and equipment	184,652	19,309
Others	1,214	1,158
	<u>\$ 207,045</u>	<u>\$ 42,201</u>

C. For the nine months ended September 30, 2021 and 2020, additions to right-of-use assets were \$433,692 and \$125,767, respectively.

D. The information on profit or loss accounts relating to lease contracts is as follows:

	Three months ended September 30,	
	2021	2020
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 3,892	\$ 3,249
Expense on short-term lease contracts	39,193	46,024

	Nine months ended September 30,	
	2021	2020
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 11,568	\$ 9,984
Expense on short-term lease contracts	111,515	161,904

E. For the nine months ended September 30, 2021 and 2020, the Group's total cash outflow for leases were \$335,560 and \$189,339, respectively.

(10) Short-term bank loans

Type of loans	September 30, 2021	December 31, 2020	September 30, 2020
Bank loans			
Unsecured bank loans	<u>\$ 1,207,201</u>	<u>\$ -</u>	<u>\$ -</u>
Interest rate range	<u>0.64%~0.7775%</u>	<u>-</u>	<u>-</u>
Unused credit lines of short-term bank loans			
NT\$	<u>\$ 2,814,798</u>	<u>\$ 3,251,000</u>	<u>\$ 3,150,200</u>
US\$ (in thousands)	<u>\$ 68,862</u>	<u>\$ 90,000</u>	<u>\$ 90,000</u>

(11) Accounts payable

	September 30, 2021	December 31, 2020	September 30, 2020
Accounts payable	\$ 725,112	\$ 766,805	\$ 329,654
Estimated accounts payable	373,694	200,016	462,025
	<u>\$ 1,098,806</u>	<u>\$ 966,821</u>	<u>\$ 791,679</u>

(12) Other payables

	September 30, 2021	December 31, 2020	September 30, 2020
Payable to equipment suppliers	\$ 799,600	\$ 1,145,359	\$ 421,013
Employees' compensation payable	488,938	332,080	233,632
Salaries and bonuses payable	602,529	788,720	587,984
Pension payable	16,537	15,159	15,173
Directors' remuneration payable	20,392	16,604	11,682
Interest payable	3,456	1,958	1,540
Other expense payable	997,957	949,523	896,865
	<u>\$ 2,929,409</u>	<u>\$ 3,249,403</u>	<u>\$ 2,167,889</u>

(13) Long-term bank loans

Type of loans	Period and payment term	September 30, 2021	December 31, 2020	September 30, 2020
Syndicated bank loan	Borrowing period is from May 30, 2018 to May 30, 2023; interest is repayable monthly; principal is repayable semi-annually from November 30, 2018	\$ 2,432,000	\$ 3,310,000	\$ 5,688,000
Government granted bank loans	Borrowing period is from March 11, 2020 to February 15, 2030; interest is repayable monthly; principal is repayable monthly from March 15, 2023	6,350,000	4,505,000	3,604,000
Less: Fee on syndicated bank loan		(11,545)	(17,223)	(18,831)
Less: Unamortized interest on government granted bank loans		(73,011)	(64,212)	(57,651)
Less: Current portion (fee included)		(748,735)	(748,353)	(748,264)
		<u>\$ 7,948,709</u>	<u>\$ 6,985,212</u>	<u>\$ 8,467,254</u>
Interest rate range		<u>0.45%~1.7895%</u>	<u>0.65%~1.7895%</u>	<u>0.65%~1.7895%</u>
Unused credit lines of long-term bank loans				
NT\$		<u>\$ 9,394,000</u>	<u>\$ 11,239,000</u>	<u>\$ 12,140,000</u>

- A. On January 1, 2019, Ministry of Economic Affairs, R.O.C. (“MOEA”) implemented the “Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan” and companies are subsidized with preferential interest loans for qualified investment projects. The Company has obtained the qualification from the MOEA, and signed loan agreements with financial institutions during January and March 2020 with the line of credit amounted to NT\$12.144 billion and terms from seven to ten years. Funding from these loans was used to invest in machineries, equipment and plant expansions and broaden the Company’s working capital.
- B. On May 15, 2018, the Company entered into a syndicated loan with eleven banks in Taiwan, including Taiwan Cooperative Bank, in the amount of NT\$12 billion with a term of five years. Funding from this syndicated loan was used to repay the existing debt of financial institutions and broaden the Company’s working capital. Pursuant to the syndicated loan agreement, the Group is required to maintain certain financial ratios including current ratio, interest protection multiples and debt to equity ratio during the loan periods.
- C. Information about the items that are pledged to others as collaterals for long-term bank loans is provided in Note 8.

(14) Pensions

A. Defined Benefit Plans

- (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees’ service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. 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 pension fund deposited with the Bank of Taiwan, the trustee, under the name of the independent pension fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by the end of every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method, to the employees expected to be qualified for retirement next year, the Company will make contributions to cover the deficit by March of following year.
- (b) For the aforementioned pension plan, the Company recognized pension costs of \$682, \$1,232, \$2,046 and \$3,695 for the three months and nine months ended September 30, 2021 and 2020, respectively.

B. Defined Contribution Plans

Effective from July 1, 2005, the Company established a defined contribution pension plan (“New Plan”) under the Labor Pension Act, covering all regular employees with Republic of China (“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. The pension costs under defined contribution pension plans of the Company for the three months and nine months ended September 30, 2021 and 2020 were \$50,175, \$46,368, \$147,106 and \$138,892, respectively.

(15) Capital stock

- A. As of September 30, 2021, the Company’s authorized capital was \$9,700,000, consisting of 970,000 thousand ordinary shares, and the paid-in capital was \$7,272,401 with a par value of \$10 (in dollars) per share, consisting of 727,240 thousand ordinary shares. All proceeds from shares issued have been collected.
- B. As of September 30, 2021, the outstanding ADSs were approximately 4,353,263 units representing 87,065 thousand ordinary shares and each ADS represents 20 ordinary shares of the Company. The major terms and conditions of the ADSs are summarized as follows:
 - (a) Voting rights:

ADS holders have no right to directly vote in shareholders’ meetings with respect to the deposited shares. The depository bank shall vote on behalf of ADS holders or provide voting instruction to the designated person of the Company. The depository bank shall vote in the manner as instructed by ADS holders.
 - (b) Distribution of dividends:

ADS holders are deemed to have the same rights as holders of ordinary shares with respect to the distribution of dividends.
- C. The number of the Company’s ordinary shares outstanding as of January 1 and September 30 of 2021 and 2020 were all 727,240 thousand shares, respectively.

(16) Capital surplus

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

		2021			
		Share	Employee	Long-term	Total
		<u>premium</u>	<u>restricted</u> <u>shares</u>	<u>investment</u>	
January 1		<u>\$6,043,483</u>	<u>\$ -</u>	<u>\$ 16,168</u>	<u>\$ 6,059,651</u>
September 30		<u>\$6,043,483</u>	<u>\$ -</u>	<u>\$ 16,168</u>	<u>\$ 6,059,651</u>

		2020			
		Share	Employee	Long-term	Total
		<u>premium</u>	<u>restricted</u> <u>shares</u>	<u>investment</u>	
January 1		<u>\$5,674,242</u>	<u>\$ 369,241</u>	<u>\$ 16,168</u>	<u>\$ 6,059,651</u>
Reclassifications		<u>369,241</u>	<u>(369,241)</u>	<u>-</u>	<u>-</u>
September 30		<u>\$6,043,483</u>	<u>\$ -</u>	<u>\$ 16,168</u>	<u>\$ 6,059,651</u>

(17) 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 a legal reserve. The Company may then appropriate or reverse a certain amount as special reserve according to the relevant regulations. After the distribution of earnings, the remaining earnings and prior years' unappropriated retained earnings may be appropriated according to a proposal by the Board of Directors and approved in the shareholders' meeting.
- B. The Company's dividend policy is summarized here. As the Company operates in a volatile business environment, the issuance of dividends to be distributed takes into consideration the Company's financial structure, operating results and future expansion plans. The earnings distribution of the Company may be made by way of cash dividends or stock dividends, provided that cash dividends account for at least 10% of the total dividends distributed. The earnings distribution will be proposed by the Board of Directors and approved at the shareholders' meeting.
- C. Except for covering accumulated deficits or issuing new shares or cash to shareholders in proportion to their share ownership, the legal reserve may not be used for any other purpose. The use of the legal reserve for the issuance of shares 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 must set aside a special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When the debit balance on other equity items is reversed subsequently, the reversed amount may be included in the distributable earnings.

E. The appropriations of 2020 and 2019 earnings were resolved in the shareholders' meeting held on July 12, 2021 and June 9, 2020, respectively. The appropriations and dividends per share are as follows:

	2020		2019	
	Amount	Cash distribution per share (in dollars)	Amount	Cash distribution per share (in dollars)
Legal reserve	\$ 232,611		\$ 258,416	
Special reserve	(19,802)		19,802	
Cash dividend	1,599,928	\$ 2.20	1,309,032	\$ 1.80

(18) Other equity interest

	2021		
	Financial statements translation differences of foreign operations	Unrealized gain (loss) on valuation of financial assets at fair value through other comprehensive income	Total
January 1	(\$ 61,330)	\$ 204,964	\$ 143,634
Currency translation differences			
- The Company	(47,997)	-	(47,997)
Evaluation adjustment			
- The Company	-	(403)	(403)
- Associates	-	9,237	9,237
Evaluation adjustment related tax			
- The Company	-	80	80
September 30	(\$ 109,327)	\$ 213,878	\$ 104,551

	2020		
	Financial statements translation differences of foreign operations	Unrealized gain (loss) on valuation of financial assets at fair value through other comprehensive income	Total
January 1	(\$ 89,682)	\$ 69,880	(\$ 19,802)
Currency translation differences			
- The Company	(28,327)	-	(28,327)
Evaluation adjustment			
- The Company	-	96,195	96,195
- Associates	-	3,009	3,009
Evaluation adjustment related tax			
- The Company	-	(19,240)	(19,240)
September 30	(\$ 118,009)	\$ 149,844	\$ 31,835

(19) Revenue

	Three months ended September 30,	
	2021	2020
Revenue from contracts with customers	\$ 7,161,039	\$ 5,686,127

	Nine months ended September 30,	
	2021	2020
Revenue from contracts with customers	\$ 20,608,620	\$ 16,701,062

A. The Group is primarily engaged in the assembly and testing services on high-integration and high-precision integrated circuits, and recognized revenue based on the progress towards completion of performance obligation during the service period. Information on revenue disaggregation is provided in Note 14.

B. Contract assets and liabilities

The Group has recognized the following contract assets and liabilities in relation to revenue from contracts with customers:

	September 30, 2021	December 31, 2020	September 30, 2020	January 1, 2020
Contract assets	\$ 361,287	\$ 389,016	\$ 352,461	\$ 377,869
Contract liabilities (Advance payments)	\$ -	\$ -	\$ -	\$ 1,231

C. The information relating to loss allowance for contract assets is provided in Note 12(2).

D. Revenue recognized for the nine months ended September 30, 2021 and 2020, amounted to \$0 and \$565, respectively, was related to carried forward contract liabilities for performance obligations not satisfied in prior year.

E. All of the service contracts are for periods of one year or less. As permitted under IFRS 15, “Revenue from Contracts with Customers”, the transaction price allocated to these unsatisfied contracts is not disclosed.

(20) Other income (expenses), net

	Three months ended September 30,	
	2021	2020
Gain on disposal of scrapped materials	\$ 12,380	\$ 9,815
Royalty income	166	-
Gain on disposal of items purchased on behalf of others	4,472	5,917
Gain on disposal of property, plant and equipment	8,269	669
Others	7,457	4
	\$ 32,744	\$ 16,405

	Nine months ended September 30,	
	2021	2020
Gain on disposal of scrapped materials	\$ 33,334	\$ 29,459
Royalty income	768	2,962
Gain on disposal of items purchased on behalf of others	9,628	27,871
Gain on disposal of property, plant and equipment	32,435	44,324
Others	15,653	14
	<u>\$ 91,818</u>	<u>\$ 104,630</u>

(21) Interest income

	Three months ended September 30,	
	2021	2020
Bank deposits	\$ 2,202	\$ 2,686
Financial assets at amortized cost	308	595
	<u>\$ 2,510</u>	<u>\$ 3,281</u>

	Nine months ended September 30,	
	2021	2020
Bank deposits	\$ 5,623	\$ 22,867
Financial assets at amortized cost	1,002	1,873
Other interest income	5	-
	<u>\$ 6,630</u>	<u>\$ 24,740</u>

(22) Other income

	Three months ended September 30,	
	2021	2020
Rental income	\$ 3,891	\$ 2,575
Grant income	3,118	2,369
Dividend income	3,658	1,911
	<u>\$ 10,667</u>	<u>\$ 6,855</u>

	Nine months ended September 30,	
	2021	2020
Rental income	\$ 10,820	\$ 7,809
Grant income	8,795	5,080
Dividend income	3,658	1,911
	<u>\$ 23,273</u>	<u>\$ 14,800</u>

(23) Other gains and losses

	<u>Three months ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
Foreign exchange losses, net	(\$ 2,973)	(\$ 114,642)
Gain on valuation of financial assets at fair value through profit or loss	10,993	7,711
Others	1,255	1,364
	<u>\$ 9,275</u>	<u>(\$ 105,567)</u>

	<u>Nine months ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
Foreign exchange losses, net	(\$ 77,841)	(\$ 193,747)
Gain on valuation of financial assets at fair value through profit or loss	15,937	21,808
Compensation income	1,524	-
Others	3,248	4,646
	<u>(\$ 57,132)</u>	<u>(\$ 167,293)</u>

(24) Finance costs

	<u>Three months ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
Interest expense		
Bank loans	\$ 28,932	\$ 36,305
Lease liabilities	3,892	3,249
Less: Amounts capitalized in qualifying assets	(2,643)	(1,889)
	30,181	37,665
Finance expense	2,173	2,207
	<u>\$ 32,354</u>	<u>\$ 39,872</u>

	<u>Nine months ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
Interest expense		
Bank loans	\$ 86,954	\$ 124,152
Lease liabilities	11,568	9,984
Less: Amounts capitalized in qualifying assets	(8,638)	(8,024)
	89,884	126,112
Finance expense	7,669	6,567
	<u>\$ 97,553</u>	<u>\$ 132,679</u>

(25) Expenses by nature

	Three months ended September 30,	
	2021	2020
Raw materials and supplies used	\$ 1,385,624	\$ 1,243,725
Employee benefit expenses	1,751,283	1,458,934
Depreciation expenses	1,196,076	1,063,102
Others	1,333,295	1,219,127
	<u>\$ 5,666,278</u>	<u>\$ 4,984,888</u>

	Nine months ended September 30,	
	2021	2020
Raw materials and supplies used	\$ 4,172,582	\$ 3,294,419
Employee benefit expenses	5,036,194	4,504,508
Depreciation expenses	3,479,304	3,115,716
Others	3,785,472	3,484,098
	<u>\$ 16,473,552</u>	<u>\$ 14,398,741</u>

(26) Employee benefit expenses

	Three months ended September 30,	
	2021	2020
Salaries	\$ 1,464,378	\$ 1,195,150
Directors' remuneration	9,698	5,844
Labor and health insurance	109,041	98,067
Pension	50,857	47,600
Other personnel expenses	117,309	112,273
	<u>\$ 1,751,283</u>	<u>\$ 1,458,934</u>

	Nine months ended September 30,	
	2021	2020
Salaries	\$ 4,191,014	\$ 3,696,392
Directors' remuneration	30,521	20,352
Labor and health insurance	316,917	303,063
Pension	149,152	142,587
Other personnel expenses	348,590	342,114
	<u>\$ 5,036,194</u>	<u>\$ 4,504,508</u>

- A. In accordance with the Company's Articles of Incorporation, employees' compensation is based on the current year's earnings, which should first be used to cover accumulated deficits, if any, and then 10% of the remaining balance distributed as employees' compensation, including distributions to certain qualifying employees in affiliate companies, and no more than 0.5% as directors' remuneration. Subject to the Board of Directors' approval, employees' compensation may be made by way of cash or share issuance. Distribution of employees' compensation and directors' remuneration shall be presented and reported in the subsequent shareholders' meeting.

B. Based on profit distributable as of the end of reporting period, for the three months and nine months ended September 30, 2021 and 2020, the employees' compensation were accrued at \$186,669, \$60,277, \$488,938 and \$233,632, respectively; the directors' remuneration were accrued at \$5,279, \$3,014, \$20,392 and \$11,682 respectively.

C. For the year of 2020, employees' compensation and directors' remuneration recognized were consistent with the amounts resolved in the Board of Directors' meetings.

Information about the appropriation of employees' compensation and directors' remuneration by the Company as approved by the Board of Directors is posted in the Market Observation Post System ("MOPS").

(27) Income tax expense

A. Income tax expense

(a) Components of income tax expense:

	Three months ended September 30,	
	2021	2020
Current income tax:		
Current income tax on profits for the period	\$ 322,579	\$ 121,286
Prior year income tax (overestimation) underestimation	(25,001)	170
Total current income tax	297,578	121,456
Deferred income tax:		
Relating to origination and reversal of temporary differences	(21,506)	(5,699)
Income tax expense	\$ 276,072	\$ 115,757

	Nine months ended September 30,	
	2021	2020
Current income tax:		
Current income tax on profits for the period	\$ 851,813	\$ 438,517
Prior year income tax overestimation	(78,619)	(16,763)
Total current income tax	773,194	421,754
Deferred income tax:		
Relating to origination and reversal of temporary differences	(34,037)	(11,442)
Income tax expense	\$ 739,157	\$ 410,312

(b) The income tax (charge)/credit relating to components of other comprehensive income are as follows:

	Three months ended September 30,	
	2021	2020
Unrealized (loss) gain on valuation of financial assets at fair value through other comprehensive income	(\$ 3,388)	\$ 10,204

	Nine months ended September 30,	
	2021	2020
Unrealized (loss) gain on valuation of financial assets at fair value through other comprehensive income	(\$ 80)	\$ 19,240

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

C. On October 31, 2016, the Company merged with its former parent company, ChipMOS TECHNOLOGIES (Bermuda) LTD. And as a result, the Company recognized its own shares originally held by former parent company as treasury stock. Subsequently, the Company deducted unappropriated retained earnings by \$5,052,343 to reflect the loss due from the cancellation of treasury stock. In January 2017, the Company has filed an application to the National Taxation Bureau of the Northern Area, Ministry of Finance to apply the accumulated deficit amount, as a deduction in the calculation of years 2016 and 2015 additional 10% tax on unappropriated retained earnings. In April and June 2020, the Company received the Notice for Assessment of Tax for the years 2016 and 2015 from the National Taxation Bureau of the Northern Area, Ministry of Finance, and is entitled to tax refund amounted to \$138,941.

(28) Earnings per share

	Three months ended September 30, 2021		
	Amount after income tax	Weighted average number of ordinary shares outstanding (in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to equity holders of the Company	\$ 1,398,884	727,240	\$ 1.93
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares:			
Employees' compensation		3,913	
Profit attributable to equity holders of the Company	\$ 1,398,884	731,153	\$ 1.91

	Three months ended September 30, 2020		
	Amount after income tax	Weighted average number of ordinary shares outstanding (in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to equity holders of the Company	\$ 423,435	727,240	\$ 0.58
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares:			
Employees' compensation		2,111	
Profit attributable to equity holders of the Company	\$ 423,435	729,351	\$ 0.58

Nine months ended September 30, 2021			
	Amount after income tax	Weighted average number of ordinary shares outstanding (in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to equity holders of the Company	<u>\$ 3,641,593</u>	<u>727,240</u>	<u>\$ 5.01</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares: Employees' compensation		<u>12,607</u>	
Profit attributable to equity holders of the Company	<u>\$ 3,641,593</u>	<u>739,847</u>	<u>\$ 4.92</u>

Nine months ended September 30, 2020			
	Amount after income tax	Weighted average number of ordinary shares outstanding (in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to equity holders of the Company	<u>\$ 1,681,080</u>	<u>727,240</u>	<u>\$ 2.31</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares: Employees' compensation		<u>8,183</u>	
Profit attributable to equity holders of the Company	<u>\$ 1,681,080</u>	<u>735,423</u>	<u>\$ 2.29</u>

(29) Supplemental cash flow information

Partial cash paid for investing activities

Property, plant and equipment

Nine months ended September 30,			
	2021	2020	
Purchase of property, plant and equipment	\$ 3,867,356	\$ 2,373,536	
Add: Beginning balance of payable on equipment	1,145,359	972,770	
Less: Ending balance of payable on equipment	(799,600)	(421,013)	
Less: Ending balance of payable on equipment (Shown as "Other payables-related parties")	(968)	-	
Cash paid during the period	<u>\$ 4,212,147</u>	<u>\$ 2,925,293</u>	

(30) Changes in liabilities from financing activities

	2021				
	Short-term bank loans	Long-term bank loans (including current portion)	Guarantee deposits	Lease liabilities	Total liabilities from financing activities
January 1	\$ -	\$ 7,733,565	\$ 21,670	\$ 870,495	\$ 8,625,730
Changes in cash flow from financing activities	1,207,201	943,837	(43)	(214,956)	1,936,039
Adjustment of right-of-use assets	-	-	-	433,692	433,692
Amortization of loan fees	-	6,128	-	-	6,128
Amortization of interest expense	-	13,914	-	11,568	25,482
September 30	<u>\$ 1,207,201</u>	<u>\$ 8,697,444</u>	<u>\$ 21,627</u>	<u>\$ 1,100,799</u>	<u>\$ 11,027,071</u>
	2020				
	Short-term bank loans	Long-term bank loans (including current portion)	Guarantee deposits	Lease liabilities	Total liabilities from financing activities
January 1	\$ -	\$ 9,041,645	\$ 1,095	\$ 692,951	\$ 9,735,691
Changes in cash flow from financing activities	-	160,659	591	(48,131)	113,119
Adjustment of right-of-use assets	-	-	-	86,536	86,536
Amortization of loan fees	-	5,974	-	-	5,974
Amortization of interest expense	-	7,240	-	9,984	17,224
September 30	<u>\$ -</u>	<u>\$ 9,215,518</u>	<u>\$ 1,686</u>	<u>\$ 741,340</u>	<u>\$ 9,958,544</u>

7. RELATED PARTY TRANSACTIONS(1) Parent and ultimate controlling party

The Company has neither a parent company nor an ultimate controlling party. The transactions between the Company and its subsidiaries were eliminated in the accompanying consolidated financial statements and were not disclosed herein. The transactions between the Group and other related parties are as follows.

(2) Names of related parties and relationship

Name	Relationship
Unimos Shanghai	Associate
JMC	Associate

(3) Significant related party transactions

None.

(4) Key management personnel compensation

	Three months ended September 30,	
	2021	2020
Salaries and other short-term employee benefits	\$ 50,748	\$ 30,803
Post-employment compensation	573	574
	<u>\$ 51,321</u>	<u>\$ 31,377</u>
	Nine months ended September 30,	
	2021	2020
Salaries and other short-term employee benefits	\$ 197,945	\$ 145,051
Post-employment compensation	1,643	3,400
	<u>\$ 199,588</u>	<u>\$ 148,451</u>

8. PLEDGED ASSETS

Assets	Purpose	Carrying amount		
		September 30, 2021	December 31, 2020	September 30, 2020
Non-current financial assets at amortized cost	Lease and bank loan	\$ 45,339	\$ 48,319	\$ 55,325
Property, plant and equipment				
- Land	Bank loan	452,738	452,738	452,738
- Buildings	Bank loan	4,207,092	4,092,287	4,088,107
- Machinery and equipment	Bank loan	<u>7,719,203</u>	<u>6,912,544</u>	<u>6,422,278</u>
		<u>\$ 12,424,372</u>	<u>\$ 11,505,888</u>	<u>\$ 11,018,448</u>

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) A letter of guarantee was issued by the financial institutions to the Customs Administration of the Ministry of Finance for making payment of customs-duty deposits when importing. As of September 30, 2021, December 31, 2020 and September 30, 2020, the amounts guaranteed by the financial institutions were \$216,700, \$99,000 and \$199,800, respectively.

(2) Capital expenditures that are contracted for, but not provided for, are as follows:

	September 30, 2021	December 31, 2020	September 30, 2020
Property, plant and equipment	<u>\$ 2,891,092</u>	<u>\$ 2,331,041</u>	<u>\$ 1,143,450</u>

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

None.

12. OTHERS

(1) Capital management

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

(2) Financial instruments

A. Financial instruments by category

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Financial assets</u>			
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	\$ 361,200	\$ 63,488	\$ 227,802
Financial assets at fair value through other comprehensive income			
Designation of equity instruments	261,604	262,007	218,003
Financial assets at amortized cost			
Cash and cash equivalents	5,188,760	4,113,651	4,788,223
Financial assets at amortized cost	247,439	254,801	236,775
Notes receivable	1,051	599	559
Accounts receivable	6,169,900	5,364,156	4,637,088
Other receivables	61,930	51,436	27,742
Other receivables — related parties	-	-	17,000
Refundable deposits	20,758	21,186	21,150
	<u>\$ 12,312,642</u>	<u>\$ 10,131,324</u>	<u>\$ 10,174,342</u>
<u>Financial liabilities</u>			
Financial liabilities at amortized cost			
Short-term bank loans	\$ 1,207,201	\$ -	\$ -
Notes payable	93	2,899	26
Accounts payable	1,098,806	966,821	791,679
Other payables	2,929,409	3,249,403	2,167,889
Other payables — related parties	968	-	-
Long-term bank loans (including current portion)	8,697,444	7,733,565	9,215,518
Lease liabilities (including current portion)	1,100,799	870,495	741,340
Guarantee deposits	21,627	21,670	1,686
	<u>\$ 15,056,347</u>	<u>\$ 12,844,853</u>	<u>\$ 12,918,138</u>

B. Risk management policies

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

C. Significant financial risks and degrees of financial risks

Except for the items explained below, there was no significant change during the period. Please refer to Note 12 in the consolidated financial statements for the year ended December 31, 2020.

(a) Market risk

Foreign exchange risk

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

	September 30, 2021		
	Foreign currency (in thousands)	Exchange rate	Carrying amount (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 170,450	27.8500	\$ 4,747,033
JPY:NTD	155,445	0.2490	38,706
RMB:NTD	5,048	4.3050	21,732
<u>Non-monetary items</u>			
JPY:NTD	1,050,619	0.2490	261,604
RMB:NTD	749,972	4.3050	3,228,628
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 63,990	27.8500	\$ 1,782,122
JPY:NTD	918,257	0.2490	228,646

	December 31, 2020		
	Foreign currency (in thousands)	Exchange rate	Carrying amount (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 175,840	28.4800	\$ 5,007,923
JPY:NTD	137,635	0.2763	38,029
RMB:NTD	6,838	4.3770	29,930
<u>Non-monetary items</u>			
JPY:NTD	948,270	0.2763	262,007
RMB:NTD	690,178	4.3770	3,020,908
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 26,410	28.4800	\$ 752,157
JPY:NTD	1,538,241	0.2763	425,016

September 30, 2020			
	Foreign currency (in thousands)	Exchange rate	Carrying amount (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>	\$		\$
USD:NTD	207,266	29.1000	6,031,441
JPY:NTD	210,400	0.2756	57,986
RMB:NTD	9,496	4.2690	40,538
<u>Non-monetary items</u>			
JPY:NTD	791,012	0.2756	218,003
RMB:NTD	715,231	4.2690	3,053,322
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$	10,822	29.1000
JPY:NTD		631,827	0.2756

- ii. The total exchange losses, including realized and unrealized losses arising from significant foreign exchange variations on monetary items held by the Group for the three months and nine months ended September 30, 2021 and 2020, amounted to \$2,973, \$114,642, \$77,841, and \$193,747, respectively.
- iii. Analysis of foreign currency market risk arising from significant foreign exchange variations:

Nine months ended September 30, 2021				
Sensitivity analysis				
	Change in exchange rate		Effect on profit (loss)	Effect on other comprehensive income
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	5%	\$	237,352	\$ -
JPY:NTD	5%		1,935	-
RMB:NTD	5%		1,087	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	5%	\$	89,106	\$ -
JPY:NTD	5%		11,432	-

Nine months ended September 30, 2020				
Sensitivity analysis				
	Change in exchange rate		Effect on profit (loss)	Effect on other comprehensive income
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	5%	\$	301,572	\$ -
JPY:NTD	5%		2,899	-
RMB:NTD	5%		2,027	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	5%	\$	15,746	\$ -
JPY:NTD	5%		8,707	-

Price risk

- i. The Group's financial instruments, which are exposed to price risk, are the financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in financial instruments, the Group diversifies its portfolio. Diversification of the portfolio is in accordance with the limits set by the Group.
- ii. The Group invests in beneficiary certificates and listed stocks issued by the domestic companies. The prices of equity securities would change due to change of the future value of investee companies. For the nine months ended September 30, 2021 and 2020, it is estimated that the prices of equity securities increase or decrease by 1%, with all other variables held constant, would increase or decrease the Group's profit before income tax by \$3,612 and \$2,178, respectively.
- iii. The Group's investments in financial instruments comprise foreign unlisted stocks and partnership. The prices of financial instruments would change due to different valuation models and assumptions used. Analysis related to the effect on profit or other comprehensive income if these assumptions change is provided in Note 12(3)G.

Interest rate risk on cash flow and fair value

- i. 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 the risk of changes in market interest rates relates primarily to the Group's bank loans with floating interest rates. The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate bank loans. The Group reassesses the hedge management periodically to make sure it complies with the cost effectiveness.

- ii. The sensitivity analysis depends on the exposure of interest rate risk at the end of the reporting period.
- iii. Analysis of debt with floating interest rates is based on the assumption that the outstanding debt at the end of the reporting period is outstanding throughout the period. The degree of variation the Group used to report to internal management is increase or decrease of 1% in interest rates which is assessed as the reasonable degree of variation by the management.
- iv. For the nine months ended September 30, 2021 and 2020, it is estimated that a general increase or decrease of 1% in interest rates, with all other variables held constant, would decrease or increase the Group's profit before income tax approximately by \$74,919 and \$69,690, respectively, mainly due to the Group's floating rate on bank loans.

(b) Credit risk

- i. Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss, mainly resulted from its operating activities (primarily notes and accounts receivable) and from its financing activities (primarily deposits with banks and financial instruments). The Group is exposed to credit risk arising from the carrying amount of the financial assets recognized in the consolidated balance sheet.
- ii. Each business unit performs ongoing credit evaluations of its debtors' financial conditions according to the Group's established policies, procedures and controls relating to customer credit risk management. The Group maintains an account for loss allowance based upon the available facts and circumstances, history of collection and write-off experiences of all trade and other receivables which consequently minimize the Group's exposure to bad debts.
- iii. Credit risk from balances with banks and financial institutions is managed by the Group's finance unit in accordance with the Group's policies. Transaction counterparty of the Group is determined through its internal controls policy. For banks and financial institutions, only parties rated above BBB+ by Taiwan Ratings are accepted. The probability of counterparty default is remote, so there is no significant credit risk.
- iv. The Group adopts the assumptions under IFRS 9, "Financial Instruments" and the default is deemed to have occurred when the contract payments are past due over 90 days.
- v. The Group categorized contract assets, accounts receivable and other receivables by characteristics of credit risk and applied the simplified approach using loss rate methodology to estimate expected credit loss.
- vi. The Group referred to the forecastability of business monitoring indicators published by the National Development Council to adjust the loss rate which is based on historical and current information when assessing the future default possibility of

contract assets, accounts receivable and other receivables. As of September 30, 2021, December 31, 2020 and September 30, 2020, the loss rate methodologies are as follows:

September 30, 2021			
	Contract assets	Accounts receivable (including related parties)	Other receivables (including related parties)
Expected loss rate	0.030%	0.030%	0.030%
Total carrying amount	\$ 361,395	\$ 6,171,752	\$ 61,947
Loss allowance	(\$ 108)	(\$ 1,852)	(\$ 17)

December 31, 2020			
	Contract assets	Accounts receivable (including related parties)	Other receivables (including related parties)
Expected loss rate	0.030%	0.030%	0.030%
Total carrying amount	\$ 389,133	\$ 5,365,776	\$ 51,446
Loss allowance	(\$ 117)	(\$ 1,620)	(\$ 10)

September 30, 2020			
	Contract assets	Accounts receivable (including related parties)	Other receivables (including related parties)
Expected loss rate	0.030%	0.030%	0.030%
Total carrying amount	\$ 352,567	\$ 4,638,490	\$ 44,749
Loss allowance	(\$ 106)	(\$ 1,402)	(\$ 7)

- vii. Under the simplified approach, movements in relation to loss allowance for contract assets, accounts receivable, and other receivables are as follows:

2021			
	Contract assets	Accounts receivable (including related parties)	Other receivables (including related parties)
January 1	(\$ 117)	(\$ 1,620)	(\$ 10)
Provision for impairment loss	-	(232)	(7)
Reversal of impairment loss	9	-	-
September 30	(\$ 108)	(\$ 1,852)	(\$ 17)

2020			
	Contract assets	Accounts receivable (including related parties)	Other receivables (including related parties)
January 1	(\$ 114)	(\$ 1,351)	(\$ 18)
Provision for impairment loss	-	(51)	-
Reversal of impairment loss	8	-	11
September 30	(\$ 106)	(\$ 1,402)	(\$ 7)

- viii. The Group's recorded financial assets at amortized cost include time deposits with contract period over three months and restricted bank deposits. Because of the low credit risk, expected credit losses for the period are measured through a loss allowance at an amount equal to the 12-month expected credit losses. There is no significant provision for the losses.

(c) Liquidity risk

- i. The Group manages and maintains adequate cash and cash equivalents to finance the Group's operations, and minimize the impact from cash flow fluctuations. The Group also monitors its debt financing plans to ensure it is in compliance with the financial covenants required under its loan agreements.
- ii. The primary source of liquidity for the Group is from bank loans. See Note 6(10)(13) for details of the unused credit lines of the Group as of September 30, 2021, December 31, 2020 and September 30, 2020.
- iii. The contractual undiscounted cash flows of notes payable, accounts payable (including related parties) and other payables (including related parties) due within one year is equivalent to its carrying amount. Except for the aforementioned, the table below summarizes the maturity profile of the Group's non-derivative financial liabilities based on the earliest repayment dates and contractual undiscounted payments, including principal and interest. The Group does not consider the probability of early repayments requested by the banks.

September 30, 2021					
<u>Non-derivative financial liabilities</u>	Within				Total
	1 year	1 to 3 years	3 to 5 years	Over 5 years	
Short-term bank loans	\$ 1,210,242	\$ -	\$ -	\$ -	\$ 1,210,242
Long-term bank loans	832,522	3,803,968	3,112,939	1,244,908	8,994,337
Lease liabilities	350,271	199,085	54,106	698,463	1,301,925
Guarantee deposits	-	-	-	21,627	21,627
	<u>\$ 2,393,035</u>	<u>\$ 4,003,053</u>	<u>\$ 3,167,045</u>	<u>\$ 1,964,998</u>	<u>\$11,528,131</u>

December 31, 2020					
<u>Non-derivative financial liabilities</u>	Within				Total
	1 year	1 to 3 years	3 to 5 years	Over 5 years	
Long-term bank loans	\$ 846,401	\$ 3,558,597	\$ 2,198,717	\$1,487,808	\$ 8,091,523
Lease liabilities	145,594	160,146	54,689	718,752	1,079,181
Guarantee deposits	-	-	-	21,670	21,670
	<u>\$ 991,995</u>	<u>\$ 3,718,743</u>	<u>\$ 2,253,406</u>	<u>\$ 2,228,230</u>	<u>\$ 9,192,374</u>

September 30, 2020					
<u>Non-derivative financial liabilities</u>	Within				Total
	1 year	1 to 3 years	3 to 5 years	Over 5 years	
Long-term bank loans	\$ 848,859	\$ 5,422,586	\$ 1,764,555	\$1,616,642	\$ 9,652,642
Lease liabilities	64,865	106,371	55,272	725,516	952,024
Guarantee deposits	-	-	-	1,686	1,686
	<u>\$ 913,724</u>	<u>\$ 5,528,957</u>	<u>\$ 1,819,827</u>	<u>\$ 2,343,844</u>	<u>\$ 10,606,352</u>

The difference between the floating interest rates and estimated interest rates will affect the non-derivative financial liabilities stated above.

(3) Fair value information

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date. An active market is a market in which trading 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 from Level 1 that are observable information for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investment without active market is included in Level 3.

B. The carrying amounts of cash and cash equivalents, financial assets at amortized cost, contract assets, notes receivable, accounts receivable (including related parties), other receivables, (including related parties), refundable deposits, bank loans, contract liabilities, notes payable, accounts payable (including related parties), other payables (including related parties), lease liabilities and guarantee deposits are approximate to their fair values.

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

(a) The related information of natures of the assets and liabilities are as follows:

September 30, 2021				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
- Listed stocks	\$ 361,200	\$ -	\$ -	\$ 361,200
Financial assets at fair value through other comprehensive income				
- Foreign unlisted stocks	-	-	261,604	261,604
	<u>\$ 361,200</u>	<u>\$ -</u>	<u>\$ 261,604</u>	<u>\$ 622,804</u>

December 31, 2020				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
- Listed stocks	\$ 53,120	\$ -	\$ -	\$ 53,120
- Foreign partnership interests	-	-	10,368	10,368
Financial assets at fair value through other comprehensive income				
- Foreign unlisted stocks	-	-	262,007	262,007
	<u>\$ 53,120</u>	<u>\$ -</u>	<u>\$ 272,375</u>	<u>\$ 325,495</u>

September 30, 2020				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
- Beneficiary certificates	\$ 167,100	\$ -	\$ -	\$ 167,100
- Listed stocks	50,720	-	-	50,720
- Foreign partnership interests	-	-	9,982	9,982
Financial assets at fair value through other comprehensive income				
- Foreign unlisted stocks	-	-	218,003	218,003
	<u>\$ 217,820</u>	<u>\$ -</u>	<u>\$ 227,985</u>	<u>\$ 445,805</u>

- (b) The methods and assumptions the Group used to measure fair value are as follows:
- The fair value of the Group's listed stocks is measured by using the market quoted prices, which is categorized within Level 1 fair value.
 - Except for listed stocks with active markets, the fair value of the Group's other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date.

- iii. The Group's financial instruments issued by foreign partnerships are measured by using the discounted cash flow method, which derives present value estimates by discounting expected future operating effectiveness and free cash flows projections.
- iv. The Group's financial instruments issued by foreign companies are measured by the comparable company valuation (EV/EBITDA ratio and P/B ratio).
- v. The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Group's credit quality.

D. The following table shows the movements of Level 3 for the nine months ended September 30, 2021 and 2020:

	2021		
	Debt instruments	Equity instruments	Total
January 1	\$ 10,368	\$ 262,007	\$ 272,375
Gains or losses recognized in profit or loss			
Recorded as non-operating expenses	(941)	-	(941)
Gains or losses recognized in other comprehensive income			
Recorded as unrealized losses on valuation of financial assets at fair value through other comprehensive income	-	(403)	(403)
Sold in the period	(9,427)	-	(9,427)
September 30	<u>\$ -</u>	<u>\$ 261,604</u>	<u>\$ 261,604</u>

	2020		
	Debt instruments	Equity instruments	Total
January 1	\$ 11,038	\$ 121,808	\$ 132,846
Gains or losses recognized in profit or loss			
Recorded as non-operating expenses	(1,056)	-	(1,056)
Gains or losses recognized in other comprehensive income			
Recorded as unrealized gains on valuation of financial assets at fair value through other comprehensive income	-	96,195	96,195
September 30	<u>\$ 9,982</u>	<u>\$ 218,003</u>	<u>\$ 227,985</u>

E. The Group performs the fair value measurements being categorized within Level 3 with assistance from specialist. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, updating

inputs used to the valuation model and making any other necessary adjustments to the fair value.

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

		Fair value as of September 30, 2021	Valuation technique	Significant unobservable input	Range (weighted average method)	Relationship of inputs to fair value
Non-derivative equity instrument:						
Foreign unlisted stocks	\$	261,604	Comparable companies	Price to book ratio multiple	2.98	The higher the multiple, the higher the fair value
				Enterprise value to EBITDA multiple	9.29	The higher the multiple, the higher the fair value
				Discount for lack of marketability	15.80%	The higher the discount for lack of marketability, the lower the fair value
		Fair value as of December 31, 2020	Valuation technique	Significant unobservable input	Range (weighted average method)	Relationship of inputs to fair value
Non-derivative debt instrument:						
Foreign partnership interests	\$	10,368	Discounted cash flow	Discount rate	0.30%	The lower the discount rate, the higher the fair value
Non-derivative equity instrument:						
Foreign unlisted stocks		262,007	Comparable companies	Price to book ratio multiple	1.97	The higher the multiple, the higher the fair value
				Enterprise value to EBITDA multiple	12.00	The higher the multiple, the higher the fair value
				Discount for lack of marketability	15.80%	The higher the discount for lack of marketability, the lower the fair value

	Fair value as of September 30, 2020	Valuation technique	Significant unobservable input	Range (weighted average method)	Relationship of inputs to fair value
Non-derivative debt instrument:					
Foreign partnership interests	\$ 9,982	Discounted cash flow	Discount rate	0.30%	The lower the discount rate, the higher the fair value
Non-derivative equity instrument:					
Foreign unlisted stocks	218,003	Comparable companies	Price to book ratio multiple	1.74	The higher the multiple, the higher the fair value
			Enterprise value to EBITDA multiple	10.54	The higher the multiple, the higher the fair value
			Discount for lack of marketability	15.80%	The higher the discount for lack of marketability, the lower the fair value

G. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets categorized within Level 3 if the inputs used to valuation models have changed:

		September 30, 2021				
		Change	Recognized in profit or loss		Recognized in other comprehensive income	
Input			Favorable change	Unfavorable change	Favorable change	Unfavorable change
Financial assets:						
Foreign unlisted stocks	Price to book ratio multiple	± 1%	\$ -	\$ -	\$ 48	\$ 41
	Enterprise value to EBITDA multiple	± 1%	-	-	2,120	2,121
	Discount for lack of marketability	± 1%	-	-	3,123	3,116
			<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,291</u>	<u>\$ 5,278</u>

			September 30, 2020			
			Recognized in profit or loss		Recognized in other comprehensive income	
Input	Change		Favorable change	Unfavorable change	Favorable change	Unfavorable change
Financial assets:						
Foreign partnership interests	Discount rate	Note	\$ -	\$ -	\$ -	\$ -
Foreign unlisted stocks	Price to book ratio multiple	± 1%	-	-	38	38
	Enterprise value to EBITDA multiple	± 1%	-	-	1,748	1,748
	Discount for lack of marketability	± 1%	-	-	2,585	2,585
			\$ -	\$ -	\$ 4,371	\$ 4,371

Note: Based on the Group's assessment, change in input would not have significant impact on profit or loss or other comprehensive income.

(4) Other matter

In response to the COVID-19 pandemic, besides complying with the reporting guidelines and prevention management measures issued by the Taiwan Centers for Disease Control, the Group has also drawn up an epidemic preparedness and contingency plan and set up a response team, taking appropriate actions on pandemic protections as well as establishing epidemic prevention and response mechanism based on the pandemic situation to ensure employees' health and the normal operation of production lines. Meanwhile, the Group maintains sufficient stock of main raw materials required for production. To reduce the risk of raw materials disruption, the Group takes the proper preventive plan based on the pandemic situation in the suppliers' region, including increase safety stock or establish a second supply source. In summary, the Group has proactively adopted corresponding measures and continued to manage relevant matters. Based on the Group's assessment, the COVID-19 pandemic has no significant impact on the Group.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Financings provided: None.

B. Endorsements and guarantees provided: There were no endorsements and guarantees provided by the Company. For information related to the Company's letter of guarantee for duty, please refer to Note 9(1).

C. Marketable securities held at the end of the period (excluding investments in subsidiaries, associates and joint ventures):

Held company name	Marketable securities type and name	Relationship with the company	General ledger account	As of September 30, 2021				
				Number of shares	Carrying amount	Ownership (%)	Fair value	Note
The Company	Chipbond Technology Corporation	N/A	Financial assets at fair value through profit or loss	800,000	\$ 54,000	0.12	\$ 54,000	
The Company	Solar Applied Materials Technology Corporation	N/A	Financial assets at fair value through profit or loss	6,000,000	307,200	1.01	307,200	
The Company	RYOWA CO., LTD.	N/A	Financial assets at fair value through other comprehensive income	420	257,313	18.12	257,313	
The Company	CONNECTEC JAPAN Corporation	N/A	Financial assets at fair value through other comprehensive income	56,497	4,291	2.74	4,291	

D. Marketable securities acquired or disposed of with accumulated amount exceeding the lower of \$300 million or 20% of the paid-in capital:

Investor	Marketable securities type and name	General ledger account	Counterparty	Relationship with the investee	Balance as of January 1, 2021		Acquisition		Disposal				Balance as of September 30, 2021	
					Number of shares/units (in thousands)	Amount	Number of shares/units (in thousands)	Amount	Number of shares/units (in thousands)	Selling price	Book value	Gain on disposal	Number of shares/units (in thousands)	Amount
The Company	Taishin 1699 Money Market Fund	Note	N/A	N/A	-	\$ -	29,289	\$ 400,000	29,289	\$ 400,148	\$ 400,000	\$ 148	-	\$ -
The Company	Taishin Ta-Chong Money Market Fund	Note	N/A	N/A	-	-	80,256	1,150,000	80,256	1,150,214	1,150,000	214	-	-
The Company	Union Money Market Fund	Note	N/A	N/A	-	-	63,806	850,000	63,806	850,239	850,000	239	-	-

Investor	Marketable securities type and name	General ledger account	Counterparty	Relationship with the investee	Balance as of January 1, 2021		Acquisition		Disposal				Balance as of September 30, 2021	
					Number of shares/units (in thousands)	Amount	Number of shares/units (in thousands)	Amount	Number of shares/units (in thousands)	Selling price	Book value	Gain on disposal	Number of shares/units (in thousands)	Amount
The Company	Fuh Hwa Money Market Fund	Note	N/A	N/A	-	\$ -	82,499	\$1,200,000	82,499	\$1,200,117	\$1,200,000	\$ 117	-	\$ -
The Company	Cathay Taiwan Money Market Fund	Note	N/A	N/A	-	-	43,868	550,000	43,868	550,269	550,000	269	-	-
The Company	UPAMC James Bond Money Market Fund	Note	N/A	N/A	-	-	86,045	1,450,000	86,045	1,450,394	1,450,000	394	-	-
The Company	Shin Kong Chi-Shin Money Market Fund	Note	N/A	N/A	-	-	44,816	700,000	44,816	700,216	700,000	216	-	-
The Company	FSITC Taiwan Money Market Fund	Note	N/A	N/A	-	-	27,829	430,000	27,829	430,093	430,000	93	-	-
The Company	Prudential Financial Money Market Fund	Note	N/A	N/A	-	-	37,573	600,000	37,573	600,236	600,000	236	-	-
The Company	FSITC Money Market Fund	Note	N/A	N/A	-	-	1,944	350,000	1,944	350,039	350,000	39	-	-

Note: Accounted for as “Financial assets at fair value through profit or loss”.

E. Acquisition of real estate properties with amount exceeding the lower of \$300 million or 20% of the paid-in capital: None.

F. Disposal of real estate properties with amount exceeding the lower of \$300 million or 20% of paid-in capital: None.

G. Purchases from or sales to related parties with amount exceeding the lower of \$100 million or 20% of paid-in capital or more: None.

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

Number	Company name	Counterparty	Relationship	General ledger account	Transaction		Percentage of consolidated total revenues or total assets (%)
					Amount	Transaction terms	
0	The Company	ChipMOS USA	Note	Service expense	\$ 25,362	-	0.12%
0	The Company	ChipMOS Shanghai	Note	Service expense	7,916	-	0.04%

Note: Represents the transactions from parent company to subsidiary.

(2) Information on investees

Names, locations and related information of investees (excluding information on investments in the P.R.C.):

Investor	Investee	Location	Main business activities	Original investment amount		Shares held as of September 30, 2021			Net profit of the investee for the nine months ended September 30, 2021	Investment income recognized for the nine months ended September 30, 2021	Note
				Ending balance	Beginning balance	Number of shares	Ownership (%)	Carrying amount			
The Company	ChipMOS USA	San Jose, USA	Marketing of semiconductors and electronic related products	\$ 217,918	\$ 217,918	3,550,000	100	\$ 223,368	\$ 1,626	\$ 1,626	
The Company	JMC	Kaohsiung, Taiwan	Manufacturing, processing and trading of high-end flexible IC substrates for display driver ICs	148,007	148,007	8,300,000	10	283,584	282,041	28,204	Note
The Company	ChipMOS BVI	British Virgin Islands	Holding company	3,087,825	3,087,825	2,413,992,975	100	3,254,837	243,043	243,043	

Note: Company's associate accounted for using equity method.

(3) Information on investments in the P.R.C.

A. Basic information:

Investee in P.R.C.	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to P.R.C. as of January 1, 2021	Amount remitted from Taiwan to P.R.C./ Amount remitted back to Taiwan for the nine months ended September 30, 2021		Accumulated amount of remittance from Taiwan to P.R.C. as of September 30, 2021	Net income of investee for the nine months ended September 30, 2021	Ownership (%) held by the Company (directly or indirectly)	Investment income recognized for the nine months ended September 30, 2021	Carrying amount of investments in P.R.C. as of September 30, 2021	Accumulated amount of investment income remitted back to Taiwan through September 30, 2021	Note
Unimos Shanghai	Semiconductor assembling and testing services	\$ 10,817,191	Note 1	\$ 2,885,586	\$ -	\$ -	\$ 2,885,586	\$ 641,256	45.02	\$ 250,442	\$ 3,228,628	\$ -	Note 2
ChipMOS Shanghai	Marketing of semiconductors and electronic related products	15,113	Note 1	15,113	-	-	15,113	250	100.00	250	14,880	-	Note 2

Note 1: Through investing in an existing company (ChipMOS BVI) in the third area, which then invested in the investee in P.R.C.

Note 2: Recognized based on the financial statements that are reviewed by the Company's independent accountants.

Company name	Accumulated amount of remittance from Taiwan to P.R.C. as of September 30, 2021	Investment amount approved by the Investment Commission of MOEA	Limit on investments in P.R.C. imposed by the Investment Commission of MOEA
The Company	\$ 2,900,699	\$ 2,900,699	\$ 13,705,295

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the P.R.C.: None.

(4) Major shareholders information

Major shareholder name	Number of shares	Ownership (%)	Notes
First Bank in Its Capacity as Master Custodian for Custodial Account of ChipMOS' ADSs	87,065,274	11.97%	Notes 1, 2
Siliconware Precision Industries Co., Ltd.	78,910,390	10.85%	Note 1
Yann Yuan Investment Co., Ltd.	41,200,000	5.66%	Note 1

Note 1: The information is calculated by the Taiwan Depository & Clearing Corporation, based on total number of ordinary shares and preferred shares that have completed the dematerialized registration and delivery (including treasury shares) for shareholders who owns more than 5% of the Company on the last business day at the end of each quarter. However, there may be differences due to basis of preparation between the share capital recorded in the company's consolidated financial report and the number of shares which the Company has completed the dematerialized registration and delivery.

Note 2: For shareholders who transfer shares into a trust, they are disclosed by the principal of individual account opened by the trustee. As for shareholders who declare insider equity holding for more than 10% in accordance with the Securities and Exchange Act, their shareholdings include their personal shareholdings plus the shares transferred to a trust and have the rights to make decisions on trust property. Please refer to the information on the MOPS for insider equity declaration.

14. SEGMENT INFORMATION

(1) General information

The Group engages mainly in the assembly and testing of semiconductors, memory modules and general investments. In accordance with IFRS 8, “Operating Segments”, the Group’s segments include Testing, Assembly, Testing and Assembly for LCD, OLED and other Display Panel Driver Semiconductors (“LCDD”), Bumping and others as the five reportable segments.

(2) Measurement of segment information

The Group’s reportable segments are strategic business units which provide different products and services. The accounting policies adopted by the operating segments are the same as the accounting policies described in Note 4.

(3) Information about segment profit or loss

The segment information provided to the chief operating decision maker for the reportable segments is as follows:

	Nine months ended September 30, 2021						
	<u>Testing</u>	<u>Assembly</u>	<u>LCDD</u>	<u>Bumping</u>	<u>Others</u>	<u>Elimination</u>	<u>Total</u>
Revenue:							
External customers	\$ 4,428,285	\$ 6,141,421	\$ 6,079,385	\$ 3,959,529	\$ -	\$ -	\$ 20,608,620
Inter-segment	-	-	-	-	32,811	(32,811)	-
Total revenue	<u>\$ 4,428,285</u>	<u>\$ 6,141,421</u>	<u>\$ 6,079,385</u>	<u>\$ 3,959,529</u>	<u>\$ 32,811</u>	<u>(\$ 32,811)</u>	<u>\$ 20,608,620</u>
Operating profit (loss)	<u>\$ 1,383,617</u>	<u>\$ 780,912</u>	<u>\$ 1,667,884</u>	<u>\$ 399,082</u>	<u>(\$ 4,628)</u>	<u>\$ 19</u>	<u>\$ 4,226,886</u>

	Nine months ended September 30, 2020						
	<u>Testing</u>	<u>Assembly</u>	<u>LCDD</u>	<u>Bumping</u>	<u>Others</u>	<u>Elimination</u>	<u>Total</u>
Revenue:							
External customers	\$ 3,721,755	\$ 4,350,542	\$ 5,126,020	\$ 3,502,745	\$ -	\$ -	\$ 16,701,062
Inter-segment	-	-	-	-	29,664	(29,664)	-
Total revenue	<u>\$ 3,721,755</u>	<u>\$ 4,350,542</u>	<u>\$ 5,126,020</u>	<u>\$ 3,502,745</u>	<u>\$ 29,664</u>	<u>(\$ 29,664)</u>	<u>\$ 16,701,062</u>
Operating profit (loss)	<u>\$ 969,923</u>	<u>(\$ 9,359)</u>	<u>\$ 1,155,592</u>	<u>\$ 297,903</u>	<u>(\$ 7,042)</u>	<u>(\$ 66)</u>	<u>\$ 2,406,951</u>

(4) Reconciliation for segment income (loss)

Revenue from external customers and segment income (loss) reported to the chief operating decision maker are measured using the same method as for revenue and operating profit in the financial statements. Thus, no reconciliation is needed.