Stock Code:4979

LUXNET CORPORATION AND SUBSIDIARIES

Consolidated Financial Statements

With Independent Auditors' Review Report
For the Nine Months Ended September 30, 2021 and 2020

Address: No. 6, Hejiang Road, Zhongli, Taoyuan
Telephone: (03)452-5188

The independent auditors' review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' review report and consolidated financial statements, the Chinese version shall prevail.

Table of contents

安侯建業聯合會計師事務所
KPMG
台北市110615信義路5段7號68樓(台北101大樓)
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)
Telephone 電話 + 886 2 8101 6666
Fax 傳真 + 886 2 8101 6667
Internet 網址 home.kpmg/tw

Independent Auditors' Review Report

To the Board of Directors of LuxNet Corporation:

Introduction

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

Scope of Review

We conducted our reviews in accordance with Statement of Auditing Standard 65, "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards 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, 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 LuxNet Corporation and its subsidiaries as of September 30, 2021 and 2020, and of its consolidated financial performance for the three months and nine months ended September 30, 2021 and 2020, as well as its consolidated cash flows for the nine months ended September 30, 2021 and 2020 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Mei-Pin Wu and Chi-Lung Yu.

KPMG

Taipei, Taiwan (Republic of China)
November 4, 2021

Notes to Readers

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

The independent auditors' review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' review report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

Reviewed only, not audited in accordance with the generally accepted auditing standards as of September 30, 2021 and 2020

LUXNET CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

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

(Expressed in Thousands of New Taiwan Dollars)

		September 30, 2021		December 31, 2020		September 30, 2020	
	Assets	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current assets:						
1100	Cash and cash equivalents (note 6(a))	$ 457,685	21	292,319	13	336,137	17
1170	Accounts receivable, net (notes 6(d) and (q))	130,203	6	144,072	7	189,837	9
130X	Inventories (note 6(e))	269,496	14	311,365	15	334,995	16
1410	Prepaid expenses	6,446	-	10,138	-	10,402	-
1470	Other current assets (notes 6(b) and (j))	7,487	-	8,865	-	5,326	-
		871,317	41	766,759	35	876,697	42
	Non-current assets:						
1517	Non-current financial assets at fair value through other comprehensive income (notes 6(c) and (f))	321,677	15	354,569	16	124,897	6
1600	Property, plant and equipment (notes 6(g) and 8)	918,244	43	1,021,021	47	1,032,983	50
1780	Intangible assets	1,114	-	513	-	1,266	-
1900	Other non-current assets (note 8)	30,843	1	27,629	2	27,846	2
		1,271,878	59	1,403,732	65	1,186,992	58
	Total assets	**$ 2,143,195**	**100**	**2,170,491**	**100**	**2,063,689**	**100**

		September 30, 2021		December 31, 2020		September 30, 2020	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current liabilities:						
2100	Short-term borrowings (note 6(h))	$ 191,827	10	235,352	11	248,460	12
2130	Current contract liabilities (note 6(q))	6,738	-	100	-	3,033	-
2170	Accounts payable	110,265	5	110,297	5	127,679	6
2200	Accrued expenses and other payables	69,939	3	90,580	4	113,537	6
2321	Bonds payable, current portion (note 6(j))	-	-	12,259	1	12,197	-
2300	Other current liabilities	6,428	-	11,261	-	6,377	-
		385,197	18	459,849	21	511,283	24
	Non-Current liabilities:						
2540	Long-term borrowings (notes 6(i) and 8)	320,000	15	320,000	15	320,000	16
2600	Other non-current liabilities	278	-	283	-	1,008	-
		320,278	15	320,283	15	321,008	16
	Total liabilities	705,475	33	780,132	36	832,291	40
	Equity attributable to owners of parent:						
3100	Ordinary shares (note 6(n))	1,327,263	62	1,201,243	55	1,201,243	58
3200	Capital surplus (notes 6(f), (j) and (n))	129,047	6	85,809	4	86,702	4
3350	Retained earnings (accumulated deficit) (note 6(n))	(188,543)	(9)	(87,453)	(4)	(13,475)	-
3400	Other equity interest (notes 6(f) and (o))	169,953	8	190,760	9	(43,072)	(2)
	Total equity	1,437,720	67	1,390,359	64	1,231,398	60
	Total liabilities and equity	**$ 2,143,195**	**100**	**2,170,491**	**100**	**2,063,689**	**100**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

Reviewed only, not audited in accordance with the generally accepted auditing standards

LUXNET CORPORATION AND SUBSIDIARIES

Consolidated Statement of Comprehensive Income

For the three and nine months ended September 30, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars , Except for Loss Per Share)

		For the three months ended September 30				For the nine months ended September 30			
		2021		2020		2021		2020	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	**Operating revenue (notes 6(q) and 7)**	$ 202,077	100	303,651	100	653,309	100	906,262	100
5000	**Operating costs (notes 6(e), (k), (l), (o) and 12)**	212,707	105	287,131	94	680,080	104	844,504	93
	Gross profit (loss)	(10,630)	(5)	16,520	6	(26,771)	(4)	61,758	7
	Operating expenses (notes 6(d), (k), (l), (o) and 12):								
6100	Selling expenses	2,977	2	3,509	1	15,206	3	11,416	1
6200	Administrative expenses	23,720	12	26,380	9	72,153	11	79,029	9
6300	Research and development expenses	24,376	12	23,690	8	65,667	10	72,757	8
6450	Expected credit losses (reversal of expected credit losses)	(3)	-	136	-	(20)	-	144	-
		51,070	26	53,715	18	153,006	24	163,346	18
	Net operating loss	(61,700)	(31)	(37,195)	(12)	(179,777)	(28)	(101,588)	(11)
	Non-operating income and expenses:								
7020	Other gains and losses, net (notes 6(b), (j) and (s))	(3,381)	(1)	12,148	4	(508)	-	30,496	4
7050	Finance costs (note 6(j))	(1,739)	(1)	(2,143)	(1)	(5,652)	(1)	(6,688)	(1)
7055	Reversal of expected credit losses (note 7)	838	-	930	-	3,414	1	2,753	-
7070	Shares of loss of associates accounted for using equity method (note 6(f))	-	-	-	-	-	-	(6,362)	(1)
7100	Interest income	1	-	-	-	27	-	54	-
7225	Gains on disposal of investments (note 6(f))	-	-	-	-	-	-	128,479	14
7673	Impairment losses on property, plant and equipment (note 6(g))	(4,403)	(2)	-	-	(4,403)	(1)	(60,619)	(6)
		(8,684)	(4)	10,935	3	(7,122)	(1)	88,113	10
7900	**Loss before income tax**	(70,384)	(35)	(26,260)	(9)	(186,899)	(29)	(13,475)	(1)
7950	Less: income tax expenses (note 6(m))	-	-	-	-	-	-	-	-
	Loss	(70,384)	(35)	(26,260)	(9)	(186,899)	(29)	(13,475)	(1)
8300	**Other comprehensive income (loss):**								
8310	**Items that may not be reclassified subsequently to profit or loss**								
8316	Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income	(18,257)	(9)	(24,877)	(8)	(32,892)	(5)	(18,586)	(2)
	Components of other comprehensive income that will not be reclassified to profit or loss	(18,257)	(9)	(24,877)	(8)	(32,892)	(5)	(18,586)	(2)
8360	**Items that may be reclassified subsequently to profit or loss**								
8361	Exchange differences on translation of foreign operation's financial statements	-	-	-	-	-	-	5,569	-
	Components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-	-	-	5,569	-
8300	**Other comprehensive loss, net**	(18,257)	(9)	(24,877)	(8)	(32,892)	(5)	(13,017)	(2)
8500	**Comprehensive loss**	**$ (88,641)**	**(44)**	**(51,137)**	**(17)**	**(219,791)**	**(34)**	**(26,492)**	**(3)**
	Loss per share (note 6(p))								
9750	**Basic loss per share (NT dollars)**	**$ (0.53)**		**(0.22)**		**(1.47)**		**(0.11)**	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

Reviewed only, not audited in accordance with the generally accepted auditing standards

LUXNET CORPORATION AND SUBSIDIARIES

Consolidated Statement of Changes in Equity

For the nine months ended September 30, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	Ordinary shares	Capital surplus	Retained earnings: Accumulated deficit	Total other equity interest: Exchange differences on translation of foreign financial statements	Total other equity interest: Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Unearned employee compensation	Total equity
Balance at January 1, 2020	$ 1,202,263	350,154	(206,428)	(5,569)	(2,951)	(36,551)	1,300,918
Loss for the nine months ended September 30, 2020	-	-	(13,475)	-	-	-	(13,475)
Other comprehensive income (loss) for the nine months ended September 30, 2020	-	-	-	5,569	(18,586)	-	(13,017)
Total comprehensive income (loss) for the nine months ended September 30, 2020	-	-	(13,475)	5,569	(18,586)	-	(26,492)
Capital surplus used to offset accumulated deficits	-	(206,428)	206,428	-	-	-	-
Issuance of restricted stock	3,540	5,097	-	-	-	(8,637)	-
Amortization of restricted stock	-	-	-	-	-	19,294	19,294
Retirement of restricted stock	(4,560)	201	-	-	-	4,359	-
Changes in ownership interests of investments accounted for using equity method	-	(7,100)	-	-	-	-	(7,100)
Disposal of subsidiaries or investments accounted for using equity method	-	(55,222)	-	-	-	-	(55,222)
Balance at September 30, 2020	**$ 1,201,243**	**86,702**	**(13,475)**	**-**	**(21,537)**	**(21,535)**	**1,231,398**
Balance at January 1, 2021	$ 1,201,243	85,809	(87,453)	-	208,135	(17,375)	1,390,359
Loss for the nine months ended September 30, 2021	-	-	(186,899)	-	-	-	(186,899)
Other comprehensive loss for the nine months ended September 30, 2021	-	-	-	-	(32,892)	-	(32,892)
Total comprehensive loss for the nine months ended September 30, 2021	-	-	(186,899)	-	(32,892)	-	(219,791)
Issuance of ordinary shares	130,000	134,550	-	-	-	-	264,550
Capital surplus to offset accumulated deficits	-	(85,809)	85,809	-	-	-	-
Amortization of restricted stock	-	-	-	-	-	2,602	2,602
Retirement of restricted stock	(3,980)	(5,503)	-	-	-	9,483	-
Balance at September 30, 2021	**$ 1,327,263**	**129,047**	**(188,543)**	**-**	**175,243**	**(5,290)**	**1,437,720**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

Reviewed only, not audited in accordance with the generally accepted auditing standards

LUXNET CORPORATION AND SUBSIDIARIES

Consolidated Statement of Cash Flows

For the nine months ended September 30, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	For the nine months ended September 30	
	2021	**2020**
Cash flows from (used in) operating activities:		
Loss before tax	$ (186,899)	(13,475)
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation and amortization expenses	107,947	130,188
Losses related to inventories	54,846	41,501
Reversal of expected credit losses	(3,434)	(2,609)
Net losses on financial assets at fair value through profit or loss	-	566
Shares of loss of associates accounted for using equity method	-	6,362
Interest expenses	5,652	6,688
Interest income	(27)	(54)
Share-based compensation	2,602	19,294
Gains on disposal of property, plant and equipment	(5,519)	(11,212)
Gains on disposal of investments	-	(128,479)
Losses on redemption of bonds	-	7,995
Impairment losses on property, plant and equipment	4,403	60,619
Losses on deposit of prepayments for equipment	6,400	-
Total adjustments to reconcile profit	172,870	130,859
Changes in operating assets and liabilities:		
Notes and accounts receivable	13,889	(17,941)
Inventories	(12,977)	(66,746)
Prepaid and other current assets	8,484	8,840
Total changes in operating assets	9,396	(75,847)
Notes and accounts payable	(32)	(57,244)
Contract liabilities-current	6,638	2,930
Accrued expenses and other payables	(22,765)	10,769
Other current liabilities	(139)	545
Other operating liabilities	(5)	(39)
Total changes in operating liabilities	(16,303)	(43,039)
Total changes in operating assets and liabilities	(6,907)	(118,886)
Total adjustments	165,963	11,973
Cash outflow generated from operations	(20,936)	(1,502)
Interest received	27	54
Interest paid	(5,752)	(5,462)
Tax refund received	-	56
Net cash flows used in operating activities	(26,661)	(6,854)
Cash flows from (used in) investing activities:		
Acquisition of property, plant and equipment	(7,741)	(45,477)
Proceeds from disposal of property, plant and equipment	4,613	17,454
Acquisition of intangible assets	(2,506)	(2,100)
Increase in other non-current assets	(4,664)	(75)
Increase in prepayments for equipment	(6,400)	-
Net cash flows used in investing activities	(16,698)	(30,198)
Cash flows from (used in) financing activities:		
Proceeds from issuance of ordinary shares	264,550	-
Increase (decrease) in short-term borrowings	(43,525)	118,460
Redemption of bonds	(12,300)	(289,776)
Net cash flows from (used in) financing activities	208,725	(171,316)
Net increase (decrease) in cash and cash equivalents	165,366	(208,368)
Cash and cash equivalents at beginning of period	292,319	544,505
Cash and cash equivalents at end of period	**$ 457,685**	**336,137**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

Reviewed only, not audited in accordance with the generally accepted auditing standards

LUXNET CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

September 30, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

LuxNet Corporation ("the Company") was incorporated on November 15, 2001, and registered under the Ministry of Economic Affairs, ROC. The address of the Company's registered office is No. 6, Hejiang Road, Zhongli, Taoyuan.

The major business activities of the Company and subsidiaries (together referred to as "the Group") were the manufacturing, processing and sale of electronic components and active components for optical communication and the retail sale of electronic materials. Please refer to note 14 for further information.

The Company's common shares were listed on the Taipei Exchange ("TPEx") on December 12, 2011.

(2) Approval date and procedures of the consolidated financial statements:

These consolidated financial statements were reported for issue by the Board of Directors and issued on November 4, 2021.

(3) New standards, amendments and interpretations adopted:

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2021:

- Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform－Phase 2"
- Amendments to IFRS 16 "Covid-19-Related Rent Concessions beyond June 30, 2021"

(b) The impact of IFRS issued by the FSC but not yet effective.

The Group's adoption of the new amendments, effective for annual period beginning on January 1, 2022, are expected to have the following impacts:

(i) Amendments to IAS 16 "Property, Plant and Equipment－Proceeds before Intended Use"

The amendment prohibits an entity from deducting from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced when testing a machine to ensure if it is functioning properly). The proceeds from selling such samples, together with the costs of producing them, shall be recognized in profit or loss.

(Continued)

LUXNET CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The amendments also clarify that testing whether an item of PPE is functioning properly means assessing its technical and physical performance rather than assessing its financial performance – e.g. assessing whether the PPE has achieved a certain level of operating margin.

The amendments apply retrospectively, but only to items of property, plant and equipment made available for use on or after January 1, 2021. The Group will continue to assess the impacts of this amendment on its consolidated financial position and financial performance.

(ii) Other amendments

The following amendments are not expected to have a significant impact on the Group’ s consolidated financial statements.

- Amendments to IAS 37 “Onerous Contracts－Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

(c) The impact of IFRS issued by the International Accounting Standards Board (IASB) but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by IASB, but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

(Continued)

LUXNET CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 " Insurance Contracts" and amendments to IFRS 17 " Insurance Contracts"
- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

(4) Summary of significant accounting policies:

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Report by Securities Issuers (" the Regulation") and guidelines of IAS 34 "Interim Financial Reporting" which are endorsed and issued into effect by FSC, and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS endorsed by the FSC) for a complete set of the annual consolidated financial statements.

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2020. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2020.

(b) Basis of consolidation

The details of the subsidiaries included in the consolidated financial statements are as follows:

			Percentage of shareholding		
Name of investor	**Name of subsidiary**	**Principal activities**	**September 30, 2021**	**December 31, 2020**	**September 30, 2020**
The Company	Toplight Corporation (Toplight)	Holding company	100 %	100 %	100 %
Toplight	Toptrans Corporation Limited (Toptrans)	Holding company	100 %	100 %	100 %

(c) Income taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of International Financial Reporting Standards 34 "Interim Financial Reporting".

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period by the effective annual tax rate as forecasted by the management. This should be recognized fully as tax expense for the current period.

(Continued)

LUXNET CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled, and be recognized directly in equity or other comprehensive income as tax expense.

(d) Employee benefits

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

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the consolidated financial statements in conformity with the regulations and IFRSs (in accordance with IAS 34 “Interim Financial Reporting” and endorsed by the FSC) requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The preparation of the consolidated financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2020. For the related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2020.

(6) Explanation of significant accounts:

Except for the following disclosures, there is no significant difference as compared with those disclosed in the consolidated financial statements for the year ended December 31, 2020. Please refer to note 6 of the 2020 annual consolidated financial statements.

(a) Cash and cash equivalents

	September 30, 2021	December 31, 2020	September 30, 2020
Cash on hand	$ 80	74	114
Demand deposits	457,605	292,245	336,023
Cash and cash equivalents in consolidated statements of cash flows	**$ 457,685**	**292,319**	**336,137**

LUXNET CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Financial assets reported at fair value through profit or loss

	September 30, 2021	December 31, 2020	September 30, 2020
Bonds (note 6(j))	$ **-**	**-**	**4**

For the three months and the nine months ended September 30, 2020, the gains (losses) on valuation of financial assets due to change in fair value amounted to $0 thousand and $(566) thousand, respectively, which were recognized in other gains and losses for the periods. Please refer to note 6(s).

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

	September 30, 2021	December 31, 2020	September 30, 2020
Equity investments at fair value through other comprehensive income			
Equities unlisted in foreign markets-Toptrans (Suzhou) Corporation Limited	$ **321,677**	**354,569**	**124,897**

(i) The Group designated the investments above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for long-term for strategic purposes and not for sale.

(ii) The Group lost its significant influence over Toptrans (Suzhou) Corporation Limited (Toptrans Suzhou) on May 6, 2020. Thereafter, the investment of Toptrans Suzhou was reclassified from investment accounted for using the equity method to financial assets at fair value through other comprehensive income. Please refer to note 6(f).

(iii) There were no disposals of strategic investments and transfers of any cumulative gain or loss within equity relating to these investments as for the nine months ended September 30, 2021 and 2020.

(iv) The Group did not provide any of the aforementioned financial assets as collateral.

(d) Accounts receivable

	September 30, 2021	December 31, 2020	September 30, 2020
Accounts receivable	$ 182,296	196,185	242,117
Less: allowance for impairment	(52,093)	(52,113)	(52,280)
	$ **130,203**	**144,072**	**189,837**

LUXNET CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) The Group applies the simplified approach to provide for its expected credit losses (ECL), the use of lifetime ECL provision for all accounts receivable. To measure the ECL, accounts receivable have been grouped based on shared credit risk characteristics and customer's ability to pay all the amounts due based on the terms of the contract as well as incorporated forward looking information. The ECL allowance provision analysis was as follows:

	September 30, 2021		
	Carrying amounts of accounts receivable	**Lifetime weighted-average ECL rate**	**Loss allowance provision of lifetime ECL**
Current	$ 124,194	0.01%~3%	16
Overdue 1 to 120 days	6,026	0.01%~3%	1
Overdue 121 to 365 days	-	30.00%	-
More than 365 days past due	52,076	100.00%	52,076
	$ 182,296		**52,093**

	December 31, 2020		
	Carrying amounts of accounts receivable	**Lifetime weighted-average ECL rate**	**Loss allowance provision of lifetime ECL**
Current	$ 123,950	0.01%~3%	35
Overdue 1 to 120 days	20,159	0.01%~3%	2
Overdue 121 to 365 days	-	30.00%	-
More than 365 days past due	52,076	100.00%	52,076
	$ 196,185		**52,113**

	September 30, 2020		
	Carrying amounts of accounts receivable	**Lifetime weighted-average ECL rate**	**Loss allowance provision of lifetime ECL**
Current	$ 179,298	0.01%~3%	203
Overdue 1 to 120 days	10,743	0.01%~3%	1
Overdue 121 to 365 days	-	30.00%	-
More than 365 days past due	52,076	100.00%	52,076
	$ 242,117		**52,280**

LUXNET CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) The movements in the allowance for accounts receivable were as follows:

	For the nine months ended September 30	
	2021	**2020**
Balance on January 1, 2021 and 2020	$ 52,113	52,136
Impairment losses recognized (reversed)	(20)	144
Balance on September 30, 2021 and 2020	**$ 52,093**	**52,280**

(iii) The Group did not provide any of the aforementioned financial assets as collateral.

(e) Inventories

	September 30, 2021	December 31, 2020	September 30, 2020
Raw materials	$ 108,039	101,826	69,334
Work in process	52,986	51,633	104,221
Finished goods	108,471	157,906	161,440
	$ 269,496	**311,365**	**334,995**

The Group recognized the following items as cost of goods sold:

	For the three months ended September 30		For the nine months ended September 30	
	2021	**2020**	**2021**	**2020**
Losses (gains) on inventory valuation and obsolete inventories	$ 29,540	8,590	(79,219)	41,499
Loss on physical inventories	-	2	-	2
Losses on disposal of inventories	-	-	134,065	-
Gains on sale of scrap	-	-	(3,410)	(2,214)
Unallocated manufacturing overhead resulting from the actual production being lower than the normal capacity	23,251	32,720	79,092	101,796
	$ 52,791	**41,312**	**130,528**	**141,083**

As of September 30, 2021, December 31 and September 30, 2020, the Group did not provide any of the aforementioned inventory as collateral.

LUXNET CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(f) Investments accounted for using equity method

Investments in associated companies accounted for using the equity method at the reporting date were as follows:

	September 30, 2021	December 31, 2020	September 30, 2020
Associates	$ -	-	-

The Group's share of the net loss of associates was as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2021	2020	2021	2020
Attributable to the Group:				
Loss	$ -	-	-	(6,362)
Other comprehensive loss	-	-	-	(1,534)
Comprehensive loss	$ -	-	-	(7,896)

On May 6, 2020, the Board of Director resolved to amend the shareholding structure in the articles of the Toptrans Suzhou. Thereafter, the Group's ownership interest in Toptrans Suzhou decreased from 16.92% to 15.21%, resulting in the capital surplus of the Group to decrease by $7,100 thousand due to the decrease of the Group's proportionate interest in the net assets. Also, Toptrans Suzhou re-elected its directors at the same day, without the Group appointing any directors to participate in its operational management due to the adjustment made in the investment strategy of the Group. Hence, the Group lost its significant influence over Toptrans Suzhou, resulting in its investment of $143,483 thousand at fair value to be reclassified to financial assets at fair value through other comprehensive income, which incurred a revaluation gain of $80,360 thousand. Additionally, the Group reclassified the exchange differences on translation of foreign operation's financial statements of $(7,103) thousand and capital surplus of $55,222 thousand to other income. The Group recorded the net gain of its disposals amounting to $128,479 thousand under gain on disposal of investments.

LUXNET CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(g) Property, plant and equipment

The cost, depreciation, and impairment loss of the property, plant and equipment of the Group for the nine months ended September 30, 2021 and 2020 were as follows:

	Land	Buildings and construction	Machinery and equipment	Office and other equipment	Equipment under acceptance	Total
Cost or deemed cost:						
Balance on January 1, 2021	$ 247,696	361,779	1,457,109	5,239	41,940	2,113,763
Additions	-	-	-	-	9,041	9,041
Reclassifications	-	1,000	16,477	-	(16,677)	800
Disposals	-	-	(50,996)	-	-	(50,996)
Balance on September 30, 2021	**$ 247,696**	**362,779**	**1,422,590**	**5,239**	**34,304**	**2,072,608**
Balance on January 1, 2020	$ 247,696	361,779	1,502,702	5,239	20,735	2,138,151
Additions	-	-	-	-	44,693	44,693
Reclassifications	-	-	36,112	-	(36,112)	-
Disposals	-	-	(96,482)	-	-	(96,482)
Balance on September 30, 2020	**$ 247,696**	**361,779**	**1,442,332**	**5,239**	**29,316**	**2,086,362**
Depreciation and impairment loss:						
Balance on January 1, 2021	$ -	99,374	989,481	3,887	-	1,092,742
Depreciation	-	8,561	95,400	465	-	104,426
Impairment loss	-	-	4,403	-	-	4,403
Disposals	-	-	(47,207)	-	-	(47,207)
Balance on September 30, 2021	**$ -**	**107,935**	**1,042,077**	**4,352**	**-**	**1,154,364**
Balance on January 1, 2020	$ -	87,353	867,898	3,267	-	958,518
Depreciation	-	9,095	114,922	465	-	124,482
Impairment loss	-	-	60,619	-	-	60,619
Disposals	-	-	(90,240)	-	-	(90,240)
Balance on September 30, 2020	**$ -**	**96,448**	**953,199**	**3,732**	**-**	**1,053,379**
Carrying amounts:						
Balance on January 1, 2021	**$ 247,696**	**262,405**	**467,628**	**1,352**	**41,940**	**1,021,021**
Balance on September 30, 2021	**$ 247,696**	**254,844**	**380,513**	**887**	**34,304**	**918,244**
Balance on January 1, 2020	**$ 247,696**	**274,426**	**634,804**	**1,972**	**20,735**	**1,179,633**
Balance on September 30, 2020	**$ 247,696**	**265,331**	**489,133**	**1,507**	**29,316**	**1,032,983**

(i) Because the Group adjusted its production lines, some of its equipment became idle. For the three months and the nine months ended September 30, 2021 and 2020, the recoverable amount of the equipment was calculated based on the fair value less costs of disposal, while the fair value was measured by the cost method, and the impairment losses amounted to $4,403 thousand, $0 thousand, $4,403 thousand and $60,619 thousand, respectively, which were accounted for as impairment losses on property, plant, and equipment.

LUXNET CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) As of September 30, 2021, December 31 and September 30, 2020, property, plant and equipment of the Group had been pledged as collateral for long-term borrowings and credit lines; please refer to note 8.

(h) Short-term borrowings

The details were as follows:

	September 30, 2021	December 31, 2020	September 30, 2020
Unsecured bank loans	$ 191,827	235,352	248,460
Unused credit lines	$ 223,173	203,902	169,087
Annual interest rates	0.86%~1.21%	0.99%~1.42%	1.21%~2.75%

(i) Long-term borrowings

The details were as follows:

	September 30, 2021			
	Currency	Annual interest rate	Maturity year	Amount
Secured bank loans	TWD	1.35%	2023	$ 320,000
Less: current portion				-
Total				$ 320,000
Unused credit lines				$ -

	December 31, 2020			
	Currency	Annual interest rate	Maturity year	Amount
Secured bank loans	TWD	1.47%	2022	$ 320,000
Less: current portion				-
Total				$ 320,000
Unused credit lines				$ -

	September 30, 2020			
	Currency	Annual interest rate	Maturity year	Amount
Secured bank loans	TWD	1.47%	2022	$ 320,000
Less: current portion				-
Total				$ 320,000
Unused credit lines				$ -

LUXNET CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) The Group signed a long-term loan contract with CTBC Bank in July 2018, with the credit line of $320,000 thousand. The contract period of the loan expires two years after its first application. The principal is to be repaid on the expiration date.

In January 2020, the Group repaid, in advance, its long-term loans due in December 2020. In addition, in February and March of 2020, the Group used the revolving credit line of $320,000 thousand.

On August 6, 2020, the Group obtained the notice from CTBC Bank for changing the terms of the credit line, the revised restrictions of financial ratios were as follows: (1) a current ratio of not less than 110%; (2) stockholders' equity of not less than $1,100,000 thousand; (3) a self-owned capital ratio of not less than 50%; (4) according to the contract, the Group should transfer its business transaction cash flow to the CTBC Bank account every half-year, and the cash flow was at least $250,000 thousand. CTBC Bank would review the cash flow quarterly.

The Group re-signed a long-term loan contract with CTBC Bank on March 12, 2021, to extend the original maturity year of long-term loan from 2022 to 2023.

On June 30, 2021, the Group obtained the notice of credit line from CTBC Bank to extend the original due date of credit line to June 30, 2022. The credit lines were $420,000 thousand for long-term borrowings, $165,000 thousand for short-term borrowings, and the total credit limit is up to $450,000 thousand. Furthermore, all of the restrictions of financial ratios under the original contract were canceled.

(ii) Please refer to note 8 for further information on assets pledged as collateral.

(j) Convertible bonds payable

	September 30, 2021	December 31, 2020	September 30, 2020
Aggregate principal amount	$ 1,100,000	1,100,000	1,100,000
Accumulated redeemed amount	(1,099,200)	(1,086,900)	(1,086,900)
Accumulated converted amount	(800)	(800)	(800)
Unamortized discount	-	(41)	(103)
Ending balance of bonds payable	-	12,259	12,197
Less: Bonds payable – current	-	(12,259)	(12,197)
Ending balance of bonds payable – non-current	**$ -**	**-**	**-**
Embedded derivative component – the value of redemption at the option of the Company/bondholders (recorded as other current assets)	**$ -**	**-**	**4**
Equity component (recorded as capital surplus – stock option)	**$ -**	**581**	**581**

(Continued)

LUXNET CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the three months ended September 30		For the nine months ended September 30	
	2021	**2020**	**2021**	**2020**
Embedded derivative component – revaluation loss on redemption at the option of the Company/bond holders (recorded as other gains and losses)	$ -	-	-	(566)
Interest expense (recorded as finance costs)	$ -	63	41	1,121

The first domestic unsecured convertible bonds issued by the Group were matured on December 22, 2018. The residual bonds at par value $2,600 thousand were redeemed to the holders at par value in January 2019.

On March 17, 2020, as the holders of the second domestic unsecured convertible bonds issued by the Group exercised the redemption rights, the Group redeemed the bonds at a par value of $286,900 thousand, with an interest amounting to $2,876 thousand.

The second domestic unsecured convertible bonds issued by the Group were matured on March 12, 2021. The residual bonds at par value $12,300 thousand were redeemed to the holders at par value in March 2021.

The offering information on the unsecured convertible bonds was as follows:

	1st domestic unsecured convertible bonds	**2nd domestic unsecured convertible bonds**
Offering amount	NT$800,000 thousand	NT$300,000 thousand
Issue date	December 22, 2015	March 12, 2018
Issuance price	At par value	At par value
Face interest rate	0%	0%
Issue period	December 22, 2015, to December 22, 2018	March 12, 2018, to March 12, 2021

(Continued)

	1st domestic unsecured convertible bonds	2nd domestic unsecured convertible bonds
Redemption at the option of the Company	The Group may redeem the bonds within 5 trading days after the bonds' recovery reference date with cash at a 1.5% yield rate at any time from January 22, 2016, to November 12, 2018, if the closing price of the common shares on the TPEx on each trading day during a period of 30 consecutive trading days exceeds 30% of the conversion price or if the amount of unconvertible bonds is less than 10% of the offering amount.	The Group may redeem the bonds within 5 trading days after the bonds' recovery reference date with cash at par value at any time from June 12, 2018, to February 2, 2021, if the closing price of the common shares on the TPEx on each trading day during a period of 30 consecutive trading days exceeds 30% of the conversion price or if the amount of unconvertible bonds is less than 10% of the offering amount.
Redemption at the option of the Holder	Each Holder has the right to require the Group to redeem the Holder's bonds on December 22, 2017, at a redemption price equal to the principal amount of the bonds with a yield-to-maturity of 0.5% per annum. (note)	Each Holder has the right to require the Group to redeem the Holder's bonds on March 12, 2020, at a redemption price equal to the principal amount of the bonds with a yield-to-maturity of 0.5% per annum. (note)
Conversion period	Each Holder of the bonds has the right at any time during the period from January 22, 2016, to the maturity date of the bond, to convert their bonds.	Each Holder of the bonds has the right at any time during the period from June 12, 2018, to the maturity date of the bond, to convert their bonds.

Note: Due to the conditions listed above, the Group reclassified its long-term bonds to current portion. The bond holders have the optional rights to require the Group to redeem the bonds.

(k) Lease liabilities

The Group leases vehicles, employees' dormitories and warehouses. The leases typically run for a period of one year. These leases are short-term or leases of low-value items. The Group has elected not to recognize its right-of-use assets and lease liabilities for these leases.

The amounts recognized in profit or loss were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2021	**2020**	**2021**	**2020**
Expenses relating to short-term leases and leases of low-value items	$ 338	467	1,136	1,717

LUXNET CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The amounts recognized in the statement of cash flows for the Group were as follows:

	For the nine months ended September 30	
	2021	**2020**
Rental paid in operating activities	$ **1,136**	**1,717**

(l) Employee benefits

(i) Defined benefit plans

There was no material volatility of the market, no material reimbursement and settlement or other material one-time events since prior fiscal year. As a result, the pension cost in the accompanying interim period was measured and disclosed according to the actuarial report as of December 31, 2020 and 2019.

The Group did not report any pension expense for the nine months ended September 30, 2021 and 2020.

(ii) Defined contribution plans

The pension costs under defined contribution plans were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2021	**2020**	**2021**	**2020**
Operating cost	$ 2,258	2,856	7,746	8,283
Selling expenses	125	106	451	344
Administration expenses	676	805	2,078	2,320
Research and development expenses	540	438	1,492	1,300
	$ **3,599**	**4,205**	**11,767**	**12,247**

(m) Income taxes

(i) For the nine months ended September 30, 2021 and 2020, there were no current and deferred tax expenses.

(ii) For the nine months ended September 30, 2021 and 2020, there was no income tax recognized in equity.

(iii) For the nine months ended September 30, 2021 and 2020, there was no income tax recognized in other comprehensive income.

(iv) The Company's income tax returns have been examined by the tax authority through the years up to 2018.

LUXNET CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(n) Capital and other equity

Except for the following paragraph, there were no significant changes on the capital and other equity for the periods from January 1 to September 30, 2021 and 2020. For related information, please refer to note 6(o) of the consolidated financial statements for the year ended December 31, 2020.

As of September 30, 2021, December 31 and September 30, 2020, the nominal common stock all amounted to $1,500,000 thousand. Par value of each share is $10 (dollars). The number of shares includes employee stock options for 8,000 thousand shares. The issued amounts were $1,327,263 thousand, $1,201,243 thousand and $1,201,243 thousand, respectively.

Reconciliation of shares outstanding for the nine months ended September 30, 2021 and 2020 was as follows:

	Ordinary shares (in thousands of shares)	
	For the nine months ended September 30	
	2021	2020
Balance on January 1	120,125	120,227
Issuance of ordinary shares	13,000	-
Issuance of restricted stock	-	354
Retirement of restricted stock (note 6(o))	(398)	(456)
Balance on September 30	**132,727**	**120,125**

(i) Common stock

Based on the resolution approved in the stockholders' meeting held on June 16, 2020, the Board of Directors was authorized to undertake cash offering through private placement within one year, with less than 13,000 thousand stocks to be issued. On April 12, 2021, the Board of Directors resolved to issue 13,000 thousand new common stocks amounting to $264,550 thousand at $20.35 per share, with a par value of $10 per share and April 14, 2021 was set as the date of capital increase. The relevant statutory registration procedures had been completed.

The aforementioned private placement of ordinary shares and the transfer of any subsequently obtained bonus shares would be subject to the requirements stated under section 43(8) of the Securities and Exchange Act. The Company can only apply for these shares, to be traded on the TPEx, after a three-year period has elapsed from the delivery date of the private placement securities, and after applying for a public offering from the Financial Supervisory Commission.

LUXNET CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Capital surplus

The balances of capital surplus were as follows:

	September 30, 2021	December 31, 2020	September 30, 2020
Additional paid-in capital	$ 122,809	16,757	16,727
Employee stock options	-	1,456	1,456
Conversion options of convertible bonds	-	581	581
Restricted employee stock options	6,238	18,795	19,718
Other	-	48,220	48,220
	$ 129,047	**85,809**	**86,702**

According to the ROC Company Act, capital surplus can only be used to offset a deficit, and only the realized surplus can be used to increase the ordinary shares or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring paid-in capital in excess of par value should not exceed 10% of the total ordinary shares outstanding.

(iii) Retained earnings

According to the articles of the Company, 10 percent of its annual net income after settling all outstanding tax payables and accumulated deficit, if any, is to be set aside as legal reserve, until the accumulated legal capital reserve has equaled the total capital of the Company. Also, a special reserve should be retained or reversed under related regulations and the Company's operating demands. The remainder, if any, shall combined into an aggregate amount of undistributed earnings, which shall become the aggregate distributable earnings to be distributed by the directors' distribution proposals according to the resolution adopted at the stockholders' meeting.

The Company is at its growth stage and it considers its future cash demand and long-term financial plans. Dividends distributed each year shall range from 10 to 70 percent of undistributed earnings. To satisfy stockholders' demand for cash, when allocating the earnings for each year, the cash dividend shall not be less than 10 percent of the total dividends.

1) Based on the resolution approved in the stockholders' meeting held on July 7, 2021, the Company offset accumulated deficits by capital surplus of $85,809 thousand.

2) Based on the resolution approved in the stockholders' meeting held on June 16, 2020, the Company offset accumulated deficits by capital surplus of $206,428 thousand.

(Continued)

3) Earnings distribution

Based on the resolution approved in the stockholders' meeting held on July 7, 2021, the Company would not distribute earnings because of the loss for the year ended December 31, 2020.

Based on the resolution approved in the stockholders' meeting held on June 16, 2020, the Company would not distribute earnings because of the loss for the year ended December 31, 2019.

(o) Share-based payment

Except for the following paragraph, there were no significant changes in share-based payment for the nine months ended September 30, 2021 and 2020. Please refer to note 6(p) to the consolidated financial statement for the year ended December 31, 2020, for further information.

(i) Based on the resolution approved in the Board of Directors meeting held on January 10, 2020, the number of shares was reduced by 246 thousand shares due to the retirement of restricted stock, with January 10, 2020 as the date of capital reduction. The relevant statutory registration procedures were completed.

(ii) Based on the resolution approved in the Board of Directors meeting held on May 5, 2020, the Company resolved to issue 354 thousand new shares of restricted stock. The actual numbers of shares issued were same as those approved during the board meeting.

(iii) Based on the resolution approved in the Board of Directors meeting held on May 5, 2020, the number of shares was reduced by 73 thousand shares due to the retirement of restricted stock, with May 25, 2020 as the date of capital reduction. The relevant statutory registration procedures were completed.

(iv) Based on the resolution approved in the Board of Directors meeting held on August 6, 2020, the number of shares was reduced by 137 thousand shares due to the retirement of restricted stock, with August 10, 2020 as the date of capital reduction. The relevant statutory registration procedures were completed.

(v) Based on the resolution approved in the Board of Directors meeting held on January 21, 2021, the number of shares was reduced by 88 thousand shares due to the retirement of restricted stock, with January 22, 2021 as the date of capital reduction. The relevant statutory registration procedures were completed.

(vi) Based on the resolution approved in the Board of Directors meeting held on May 6, 2021, the number of shares was reduced by 106 thousand shares due to the retirement of restricted stock, with May 7, 2021 as the date of capital reduction. The relevant statutory registration procedures were completed.

LUXNET CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(vii) Based on the resolution approved in the Board of Directors meeting held on August 5, 2021, the number of shares was reduced by 204 thousand shares due to the retirement of restricted stock, with August 6, 2021 as the date of capital reduction. The relevant statutory registration procedures were completed.

(viii) The related information on restricted stock of the Company was as follows:

	For the nine months ended September 30	
	2021	**2020**
Outstanding at January 1	1,716	2,400
Granted during the year	-	354
Vested during the year	(669)	(737)
Expired during the period	(466)	(210)
Outstanding at September 30	**581**	**1,807**

Compensation costs attributable to share-based payment for the three months and the nine months ended September 30, 2021 and 2020 were $(583) thousand, $4,674 thousand, $2,602 thousand and $19,294 thousand, respectively.

(p) Loss per share

The calculation of basic loss and diluted loss per share was as follows:

(i) Basic loss per share

	For the three months ended September 30		For the nine months ended September 30	
	2021	**2020**	**2021**	**2020**
Loss attributable to common stockholders	$ **(70,384)**	**(26,260)**	**(186,899)**	**(13,475)**
Weighted-average number of common shares (thousand shares)	**131,787**	**118,072**	**127,149**	**117,744**
Basic loss per share (NT dollars)	$ **(0.53)**	**(0.22)**	**(1.47)**	**(0.11)**

Since the potential common shares have no dilutive effect, the Company need only disclose the calculation on basic loss per share for the three months and the nine months ended September 30, 2021.

(Continued)

LUXNET CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(q) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended September 30		For the nine months ended September 30	
	2021	**2020**	**2021**	**2020**
Primary geographical markets				
Taiwan	$ 20,658	32,343	65,033	115,366
China	65,170	57,367	207,722	194,330
America	111,297	213,092	366,488	594,942
Other	4,952	849	14,066	1,624
	$ 202,077	**303,651**	**653,309**	**906,262**
Major products				
Active components for optical communication and modules	$ 170,100	266,297	556,900	762,243
Chips	7,859	22,876	24,823	91,865
Other	24,118	14,478	71,586	52,154
	$ 202,077	**303,651**	**653,309**	**906,262**

(ii) Contract balances

	September 30, 2021	**December 31, 2020**	**September 30, 2020**
Accounts receivable	$ 182,296	196,185	242,117
Less: allowance for impairment	(52,093)	(52,113)	(52,280)
	$ 130,203	**144,072**	**189,837**
Contract liabilities	**$ 6,738**	**100**	**3,033**

For details on accounts receivable and allowance for impairment, please refer to note 6(d).

The contract liabilities primarily relate to the advance consideration received from customers, for the sales contracts whose revenue is recognized when products are delivered to customers. The amount of revenue recognized for the three months and the nine months ended September 30, 2021 and 2020, that was included in the contract liability balance at the beginning of the years was $0 thousand, $0 thousand, $2 thousand and $100 thousand, respectively.

LUXNET CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(r) Remuneration to employees, directors and supervisors

According to the articles of the Company, once the Company has annual profit, it should appropriate 5%~15% of the profit to its employees and 5% or less to its directors and supervisors as remuneration. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The pervading target given via shares or cash includes the employees of the Company's subsidiaries or affiliated companies under certain requirements.

The Company did not estimate any remuneration to employees, directors and supervisors for the nine months ended September 30, 2021 and 2020. If there are any subsequent adjustments to the actual remuneration amounts, the adjustments will be regarded as changes in accounting estimates and will be reflected in profit or loss in the next year.

The Company did not estimate any remuneration to employees, and directors and supervisors due to its loss in 2020 and 2019. The amounts, as stated in the consolidated financial statements, are identical with those of the actual distributions for 2020 and 2019. Related information would be available at the Market Observation Post System website.

(s) Non-operating income and expenses

Other gains and losses were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2021	**2020**	**2021**	**2020**
Foreign currency exchange gains (losses)	$ 1,148	(3,146)	(300)	(2,955)
Net losses on financial assets measured at fair value through profit or loss	-	-	-	(566)
Losses on deposit of prepayments for equipment	(6,400)	-	(6,400)	-
Gains on disposal of property, plant and equipment	1,740	7,271	5,519	11,212
Losses on redemption of bonds	-	-	-	(7,995)
Government grants	42	7,825	388	30,325
Other	89	198	285	475
	$ (3,381)	12,148	(508)	30,496

(t) Financial instruments

Except for the following paragraph, there were no significant changes in the fair value of the Group's financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. Please refer to note 6(u) of the consolidated financial statements for the year ended December 31, 2020, for further information.

LUXNET CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including interest but excluding the effect of any netting agreement:

	Carrying amount	Contractual cash flows	Within 1 year	1~2 years	2~5 years
September 30, 2021					
Non-derivative financial liabilities:					
Short-term borrowings	$ 191,827	192,619	192,619	-	-
Accounts payable	110,265	110,265	110,265	-	-
Accrued expenses and other payables	69,939	69,939	69,939	-	-
Long-term borrowings	320,000	328,143	4,320	323,823	-
	$ 692,031	**700,966**	**377,143**	**323,823**	**-**
December 31, 2020					
Non-derivative financial liabilities:					
Short-term borrowings	$ 235,352	236,001	236,001	-	-
Convertible bonds	12,259	12,300	12,300	-	-
Accounts payable	110,297	110,297	110,297	-	-
Accrued expenses and other payables	90,580	90,580	90,580	-	-
Long-term borrowings	320,000	325,516	4,704	320,812	-
	$ 768,488	**774,694**	**453,882**	**320,812**	**-**
September 30, 2020					
Non-derivative financial liabilities:					
Short-term borrowings	$ 248,460	248,858	248,858	-	-
Convertible bonds	12,197	12,300	12,300	-	-
Accounts payable	127,679	127,679	127,679	-	-
Accrued expenses and other payables	113,537	113,537	113,537	-	-
Long-term borrowings	320,000	326,702	4,704	321,998	-
	$ 821,873	**829,076**	**507,078**	**321,998**	**-**

The Group does not expect that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

(Continued)

LUXNET CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Currency risk

1) Exposure to foreign currency risk

The Group's significant exposure to foreign currency risk was as follows:

	September 30, 2021			December 31, 2020			September 30, 2020		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets									
Monetary items									
USD:NTD	$ 7,474	27.84	208,076	5,657	28.09	158,905	7,924	29.10	230,588
Financial liabilities									
Monetary items									
USD:NTD	5,268	27.84	146,661	3,135	28.09	88,062	3,547	29.10	103,218

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, short-term and long-term borrowings, accounts payable, and accrued expenses and other payables that are denominated in foreign currency.

A strengthening (weakening) of 5% of the NTD against the USD as of September 30, 2021 and 2020, would have increased or decreased the net loss before tax by $3,071 thousand and $6,369 thousand, respectively. The analysis is performed on the same basis for both periods.

3) Foreign exchange gain or loss on monetary items

The information on the amount of the Group's foreign exchange gain or loss on monetary items (including realized and unrealized) translated to the functional currency, and on the exchange rate translated to the functional currency of the parent company (the presentation currency), NTD, was as follows:

	For the three months ended September 30				For the nine months ended September 30			
	2021		2020		2021		2020	
	Foreign exchange gain or loss	Average exchange rate	Foreign exchange gain or loss	Average exchange rate	Foreign exchange gain or loss	Average exchange rate	Foreign exchange gain or loss	Average exchange rate
NTD	$ 1,148	1.000	(3,146)	1.000	(300)	1.000	(2,955)	1.000

(iii) Interest rate analysis

The interest risk exposure from financial assets and liabilities has been disclosed in the note on liquidity risk management.

LUXNET CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The following sensitivity analysis is based on the exposure to interest rate risk of non-derivative financial instruments on the reporting date. For variable-rate liabilities, the sensitivity analysis assumes the variable-rate liabilities are outstanding for the whole year on the reporting date. An increase or decrease of 25 basis points is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If the interest rate had increased or decreased by 25 basis points, the net loss before tax would have increased or decreased by the amount of $102 thousand and $436 thousand for the nine months ended September 30, 2021 and 2020 respectively, which would have mainly resulted from bank savings and borrowings with variable interest rates.

Financial instruments with fixed interest rates held or issued by the Group are valued at amortized cost. Since the change in market interest rate at the end of each reporting period had no impact on profit and loss, disclosure of the sensitivity to changes in fair value is not necessary.

(iv) Fair value

1) Kinds of financial instruments and fair value

The fair value of financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, disclosure of fair value information is not required:

	September 30, 2021				
		Fair Value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 457,685				
Accounts receivable	130,203				
Refundable deposits	21,860				
Total	**$ 609,748**				
Financial assets at fair value through other comprehensive income－non-current	**$ 321,677**	-	-	321,677	321,677
Financial liabilities measured at amortized cost					
Long-term and short-term borrowings	$ 511,827				
Accounts payable	110,265				
Accrued expenses and other payables	69,939				
Total	**$ 692,031**				

LUXNET CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	December 31, 2020				
		Fair Value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 292,319				
Accounts receivable	144,072				
Refundable deposits	21,860				
Total	$ 458,251				
Financial assets at fair value through other comprehensive income－non-current	$ 354,569	-	-	354,569	354,569
Financial liabilities measured at amortized cost					
Long-term and short-term borrowings	$ 555,352				
Accounts payable	110,297				
Convertible bonds	12,259	-	12,267	-	12,267
Accrued expenses and other payables	90,580				
Total	$ 768,488				

	September 30, 2020				
		Fair Value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 336,137				
Accounts receivable	189,837				
Refundable deposits	21,860				
Total	$ 547,834				
Financial assets at fair value through profit or loss-current	$ 4	-	-	4	4
Financial assets at fair value through other comprehensive income-non current	$ 124,897	-	-	124,897	124,897
Financial liabilities measured at amortized cost					
Long-term and short-term borrowings	568,460				
Accounts payable	127,679				
Convertible bonds	12,197	-	12,221	-	12,221
Accrued expenses and other payables	113,537				
Total	$ 821,873				

(Continued)

LUXNET CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Valuation techniques to measure fair value of financial instruments not measured at fair value

Financial instruments of the Group not measured at fair value are financial assets and liabilities valued at amortized cost. Measurement of fair value of these financial instruments is based on recent transaction prices. When market price are unavailable, valuation is based on discounted cash flow.

3) Fair value valuation technique of financial instruments measured at fair value

a) Non-derivative financial instruments

Financial instruments of the Group are equity instruments without an active market. The measurements of fair value of equity instruments without an active market are based on the market comparable listed company approach, which assumes that the fair value is measured by the book value per share of the investee and the price-book ratio of market comparable listed companies. The estimation of the fair value of equity instruments has been adjusted due to the effect of the discount arising from the lack of marketability.

b) Derivative financial instruments

Valuation of derivative financial instruments of the Group is based on a valuation model widely used by market participants, such as the discounted cash flow method and the Black-Scholes Option Pricing Model.

4) Changes in Level 3

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income
Balance on January 1, 2021	$ -	354,569
Recognized in other comprehensive income	-	(32,892)
Balance on September 30, 2021	**$ -**	**321,677**
Balance on January 1, 2020	$ (89)	-
Recognized in profit or loss	(566)	-
Recognized in other comprehensive income	-	(18,586)
Disposal / pay-off	659	-
Reclassification	-	143,483
Balance on September 30, 2020	**$ 4**	**124,897**

5) Fair value measurements using significant unobservable inputs (Level 3)

The fair value measurements of the Group which are categorized into Level 3 are classified as financial assets and liabilities at fair value through profit or loss – derivative financial instruments and financial assets at fair value through other comprehensive income – equity securities. The derivative financial instruments are redemption rights of embedded convertible bonds which use the Binomial Tree Model to decide the fair value. After evaluation, these derivative financial instruments have no significant influence on the Group's financial report. Therefore, the quantify information and sensitivity analysis related to fair value measurements using significant unobservable inputs are not disclosed.

Significant quantitative information about unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationships between significant unobservable inputs and fair value
Financial assets at fair value through other comprehensive income－equity investments in inactive markets	Market comparable listed company approach	• Multiplier of price-to-book ratio on September 30, 2021, December 31 and September 30, 2020, were 3.98, 3.94 and 3.07, respectively • Discount for lack of marketability on September 30, 2021, December 31 and September 30, 2020, were 29.48%, 28.63% and 44.30%, respectively	• The fair value would increase if the multiplier was higher • The fair value would decrease if the discount for lack of marketability was higher

LUXNET CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

6) Fair value measured in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The Group's measurement of fair value of financial instruments is reasonable, but using different evaluation models or parameters will cause different results. For financial instruments in Level 3, if the evaluation parameters had changed, the effects on other comprehensive income and loss would have been as follows:

	Inputs	Increase or decrease	Effects of changes in fair value on other comprehensive income and loss	
September 30, 2021				
Financial assets at fair value through other comprehensive income－equity investments in inactive markets	Multiplier of price-to-book ratio	±10%	$ 32,168	(32,168)
	Discount for lack of marketability	±10%	$ 32,168	(32,168)
December 31, 2020				
Financial assets at fair value through other comprehensive income－equity investments in inactive markets	Multiplier of price-to-book ratio	±10%	$ 35,457	(35,457)
	Discount for lack of marketability	±10%	$ 35,457	(35,457)
September 30, 2020				
Financial assets at fair value through other comprehensive income－equity investments in inactive markets	Multiplier of price-to-book ratio	±10%	$ 12,490	(12,490)
	Discount for lack of marketability	±10%	$ 12,490	(12,490)

7) In the nine months ended September 30, 2021 and 2020, there were no transfers between levels.

LUXNET CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(u) Financial risk management

The Group's objectives and policies on financial risk management are consistent with note 6(v) to the consolidated financial statements for the year ended December 31, 2020.

(v) Capital management

The Group's objectives, policies and process of managing capital are consistent with the consolidated financial statements for the year ended December 31, 2020. The information on capital management items has no significant difference from that of the consolidated financial statements for the year ended December 31, 2020. Please refer to note 6(w) to the consolidated financial statements for the year ended December 31, 2020, for further information.

(w) Supplementary information of cash flow

(i) The Group's cash outflow from acquisition of property, plant and equipment amounted to \$7,741 thousand and \$45,477 thousand, wherein the increase in payables on equipment and cash payment for payables on equipment amounted to \$1,300 thousand and \$784 thousand for the nine months ended September 30, 2021 and 2020, respectively. Please refer to note 6(g).

(ii) For retirement of restricted stock, please refer to note 6(o).

(x) Change in liabilities from financing activities

Reconciliation of liabilities arising from financing activities was as follows:

	January 1, 2021	Cash flows	Non-cash changes	September 30, 2021
Short-term borrowings	$ 235,352	(43,525)	-	191,827
Long-term borrowings	320,000	-	-	320,000
Bonds payables	12,259	(12,300)	41	-
Total liabilities from financing activities	**$ 567,611**	**(55,825)**	**41**	**511,827**

	January 1, 2020	Cash flows	Non-cash changes	September 30, 2020
Short-term borrowings	$ 130,000	118,460	-	248,460
Long-term borrowings	320,000	-	-	320,000
Bonds payables	292,197	(289,776)	9,776	12,197
Total liabilities from financing activities	**$ 742,197**	**(171,316)**	**9,776**	**580,657**

LUXNET CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(7) Related-party transactions:

(a) Name and relationship with related parties

The followings are entities that have had transactions with the related party during the periods covered in the consolidated financial statements.

Name of related party	Relationship with the Group
Toptrans (Suzhou) Corporation Limited (Toptrans Suzhou)	An associate of the Group (note)
Optoway Technology Incorporation	The entity with significant influence over the Group

Note: The Group lost its significant influence over Toptrans Suzhou on May 6, 2020. Therefore, its transactions related to Toptrans Suzhou need not be disclosed thereafter.

(b) Significant transactions with related parties

(i) Operating revenue

The amounts of sales by the Group to related parties and the outstanding balances were as follows:

	Sales		Accounts receivable
	For the three months ended September 30, 2021	For the nine months ended September 30, 2021	September 30, 2021
The entity with significant influence over the Group	$ 37	48	-

There were no significant differences in the selling prices and trading terms between related parties and other customers. The transaction terms with related parties were about 30 days, whereas the terms with other customers were 30 to 105 days except for payments received in advance.

(ii) Loans to related parties

The loans to Toptran Suzhou were derived from the accounts receivable of selling goods to Toptran Suzhou. However, Toptran Suzhou failed to settle its debt due the difficulties its business is facing, resulting in the Group to reclassify its accounts receivable to loans.

From January 1, 2020 to May 6, 2020, the Group recognized expected credit gains of $1,198 thousand as other gains and losses due to collections from the loans. Since May 6, 2020, Toptrans Suzhou was no longer a related party of the Group. Therefore, all loans related to Toptrans Suzhou need not be disclosed thereafter.

(Continued)

LUXNET CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Key management personnel compensation

		For the three months ended September 30		For the nine months ended September 30	
		2021	**2020**	**2021**	**2020**
Short-term employee benefits	$	4,358	6,054	15,151	16,921
Post-employment benefits		165	189	1,699	524
Termination benefits		-	-	-	-
Other long-term benefits		-	-	-	-
Share-based payments		951	1,595	3,475	4,287
	$	**5,474**	**7,838**	**20,325**	**21,732**

Please refer to note 6(o) for further explanations related to the share-based payment transactions.

(8) Pledged assets:

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

		Book value of pledged assets		
Pledged assets	**Pledged to secure**	**September 30, 2021**	**December 31, 2020**	**September 30, 2020**
Fixed assets – land	Long-term borrowings and credit line collateral	$ 247,696	247,696	247,696
Fixed assets – buildings and construction	Long-term borrowings and credit line collateral	254,844	262,405	265,331
Refundable deposits	Collateral for court proceedings	21,740	21,740	21,740
		$ 524,280	**531,841**	**534,767**

(9) Commitments and contingencies:

(a) The Group's unused letters of credit for purchasing machinery and equipment were as follow:

	September 30, 2021	December 31, 2020	September 30, 2020
Unused letters of credit for purchasing machinery and equipment	**$ 2,295**	**3,837**	**26,553**

(b) The amounts of guarantee notes issued as collateral for bank loans were as follows:

		September 30, 2021	December 31, 2020	September 30, 2020
Guarantee notes issued	US	**$ 5,500**	**5,500**	**5,500**
Guarantee notes issued	NT	**$ 990,000**	**990,000**	**990,000**

(Continued)

LUXNET CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events: None

(12) Other:

The following was a summary statement of current-period employee benefit, depreciation, and amortization expenses by function:

By function / By item	For the three months ended September 30					
	2021			2020		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Employee benefit expenses						
Salaries	46,661	28,338	74,999	59,291	28,288	87,579
Labor and health insurance	4,835	2,380	7,215	5,730	2,342	8,072
Pension	2,258	1,341	3,599	2,856	1,349	4,205
Remuneration of directors	-	795	795	-	642	642
Others	2,851	1,039	3,890	3,713	1,074	4,787
Depreciation	29,199	4,362	33,561	33,155	5,159	38,314
Amortization	249	599	848	668	982	1,650

By function / By item	For the nine months ended September 30					
	2021			2020		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Employee benefit expenses						
Salaries	147,947	85,694	233,641	174,219	85,919	260,138
Labor and health insurance	16,658	7,167	23,825	16,683	6,880	23,563
Pension	7,746	4,021	11,767	8,283	3,964	12,247
Remuneration of directors	-	2,133	2,133	-	1,920	1,920
Others	9,531	3,704	13,235	10,705	3,719	14,424
Depreciation	89,932	14,494	104,426	108,006	16,476	124,482
Amortization	1,326	2,195	3,521	2,750	2,956	5,706

LUXNET CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group for the nine months ended September 30, 2021:

(i) Loans to other parties:

(In Thousands of New Taiwan Dollars)

Number	Name of lender	Name of borrower	Account name	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral Item	Collateral Value	Individual funding loan limits	Maximum limit of fund financing
0	The Company	Toptrans Suzhou	Other receivables	8,155	18,156	4,741	2%	Required loans to other parties	-	Operating capital	4,741	None	-	(Note 1)	(Note 1)

Note 1: The amounts loaned to a company from the Company or subsidiaries shall not exceed 10% of the entity's net worth, $143,772 thousand, in the latest financial statements. The total amounts loaned to all companies shall not exceed 40% of the Company's net worth, $575,088 thousand.

(ii) Guarantees and endorsements for other parties: None.

(iii) Securities held as of September 30, 2021 (excluding investment in subsidiaries, associates and joint ventures):

Name of holder	Category and name of security	Relationship with company	Account title	September 30, 2021 Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	Note
The Company	BANDWIDTH10, INC.	-	Financial assets measured at FVOCI–Non-current	220	-	4.43 %	-	
Toptrons Corporation Limited	Toptrans Suzhou	-	〃	-	321,677	9.90 %	321,677	

(iv) Individual securities acquired or disposed of with an accumulated amount exceeding the lower of $300 million or 20% of the capital stock: None.

(v) Acquisition of individual real estate with an amount exceeding the lower of $300 million or 20% of the capital stock: None.

(vi) Disposal of individual real estate with an amount exceeding the lower of $300 million or 20% of the capital stock: None.

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of $100 million or 20% of the capital stock: None.

(viii) Receivables from related parties with amounts exceeding the lower of $100 million or 20% of the capital stock: None.

(Continued)

LUXNET CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ix) Trading in derivative instruments:None.

(x) Business relationships and significant intercompany transactions: None.

(b) Information on investees:

The following is the information on investees for the nine months ended September 30, 2021:

Name of investor	Name of investee	Location	Main and Businesses products	Original investment amount		Ending balance			Investee recognize as of September 30, 2021		Note
				September 30, 2021	December 31, 2020	Shares (thousands)	Percentage of ownership (%)	Carrying value	Net income (losses)	Investment income (losses)	
The Company	Toplight Corporation Limited	Seychelles	Holding company	122,980	122,980	4,000	100 %	321,677	-	-	Subsidiary (Note)
Toplight Corporation Limited	Toptrans Corporation Limited	Hong Kong	Holding company	122,980	122,980	4,000	100 %	321,677	-	-	Subsidiary (Note)

Note: The long-term equity investments were eliminated in the preparation of the consolidated financial statements.

(c) Information on investment in mainland China: None.

(d) Major shareholders:

Shareholding / Shareholder's Name	Shares	Percentage
OPTOWAY TECHNOLOGY INCORPORATION	16,878,000	12.71 %
TriKnight Capital Corporation	14,680,990	11.06 %

(14) Segment information:

The Group's revenues are mainly from active components for optical communication. The chief operating decision maker (CODM) of the Group used overall operating results as the basis for evaluating performance and considered the Group a single segment. The segment information for the nine months ended September 30, 2021 and 2020 was the same as the Group's consolidated financial statements.