

C SUN MFG. LTD. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
JUNE 30, 2021 AND 2020
(Stock Code : 2467)

INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

PWCR 21000099

To the Board of Directors and Shareholders of C SUN MFG. LTD.

Introduction

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

Scope of Review

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

Basis for qualified conclusion

As explained in Note 4(3), the financial statements of certain insignificant consolidated subsidiaries were not reviewed by independent auditors. Those statements reflect total assets of NT\$453,236 and NT\$428,747, constituting 6.02% and 6.99% of the consolidated total assets, and total liabilities of NT\$44,546 and NT\$37,029, constituting 1.01% and 0.96% of the consolidated total liabilities as at June 30, 2021 and 2020, respectively, and total comprehensive income(loss) of NT(\$89,370), NT(\$44,111), NT(\$122,671) and NT(\$70,836), constituting (40.84%), (51.73%), (29.96%) and (499.72%) of the consolidated total comprehensive income for the three-month and six-month periods then ended,

respectively. Furthermore, as described in Note 6(7), investments accounted for under equity method were based on the financial statements of the same reporting period which were not reviewed by independent auditors. The balance of these investments accounted for under the equity method amounted to \$1,095,423 and \$673,429 as at June 30, 2021 and 2020, respectively, and the comprehensive income recognised from associates accounted for under the equity method amounted to \$27,868, \$7,168, \$45,816 and \$4,812, constituting 12.73%, 8.41%, 11.18% and 33.94% of the consolidated total comprehensive income for the three-month and six-month periods then ended, respectively.

Qualified Conclusion

Except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of certain insignificant consolidated subsidiaries and investments accounted for under equity method been reviewed by independent auditors' as described in the *Basis for qualified conclusion* section above, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of C SUN MFG. LTD. and subsidiaries as at June 30, 2021 and 2020, and of its consolidated financial performance for the three-month and six-month periods then ended and its consolidated cash flows for the six-month periods then ended in accordance with "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.

Li, Tien-Yi

Chiang, Tsai-Yen

For and on behalf of PricewaterhouseCoopers, Taiwan

August 5, 2021

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

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

C SUN MFG. LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2021, DECEMBER 31, 2020 AND JUNE 30, 2020
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as at June 30, 2021 and 2020 are reviewed, not audited)

Assets	Notes	June 30, 2021		December 31, 2020		June 30, 2020		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 1,587,863	21	\$ 1,621,979	24	\$ 1,346,256	22
1110	Financial assets at fair value through profit or loss - current	6(2)	83,980	1	126,366	2	82,402	1
1120	Financial assets at fair value through other comprehensive income - current	6(3)	109,506	2	1,555	-	13,413	-
1136	Financial assets at amortised cost - current	6(4)	99,191	1	-	-	-	-
1150	Notes receivable, net	6(5)	45,640	1	35,213	1	45,080	1
1170	Accounts receivable, net	6(5)	1,896,608	25	1,944,329	29	1,878,375	31
1200	Other receivables	7	19,198	-	11,505	-	5,617	-
130X	Inventories	6(6)	1,257,015	17	953,758	14	812,614	13
1410	Prepayments		80,290	1	81,478	1	54,553	1
1470	Other current assets	8	10,282	-	7,019	-	6,457	-
11XX	Current Assets		<u>5,189,573</u>	<u>69</u>	<u>4,783,202</u>	<u>71</u>	<u>4,244,767</u>	<u>69</u>
Non-current assets								
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)	107,733	1	114,638	2	201,031	3
1535	Financial assets at amortised cost - non-current	6(4)	163,880	2	-	-	-	-
1550	Investments accounted for under equity method	6(7)	1,095,423	15	892,322	13	673,429	11
1600	Property, plant and equipment	6(8) and 8	693,019	9	709,219	10	724,317	12
1755	Right-of-use assets	6(9)	62,276	1	64,558	1	73,322	1
1780	Intangible assets	6(11)	48,126	1	51,373	1	53,821	1
1840	Deferred income tax assets		140,914	2	120,294	2	152,868	3
1900	Other non-current assets	6(5)	23,650	-	15,195	-	11,431	-
15XX	Non-current assets		<u>2,335,021</u>	<u>31</u>	<u>1,967,599</u>	<u>29</u>	<u>1,890,219</u>	<u>31</u>
1XXX	Total assets		<u>\$ 7,524,594</u>	<u>100</u>	<u>\$ 6,750,801</u>	<u>100</u>	<u>\$ 6,134,986</u>	<u>100</u>

(Continued)

C SUN MFG. LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2021, DECEMBER 31, 2020 AND JUNE 30, 2020
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as at June 30, 2021 and 2020 are reviewed, not audited)

Liabilities and Equity	Notes	June 30, 2021		December 31, 2020		June 30, 2020		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
Current liabilities								
2100	Short-term borrowings	6(12)	\$ 759,561	10	\$ 570,600	8	\$ 594,059	10
2120	Financial liabilities at fair value through profit or loss - current	6(13)	1,135	-	166	-	5,870	-
2130	Contract liabilities - current	6(21)	569,408	7	560,006	8	219,748	4
2150	Notes payable		47,362	1	67,232	1	46,836	1
2170	Accounts payable		1,195,072	16	1,074,758	16	851,055	14
2180	Accounts payable - related parties	7	4,805	-	11,447	-	3,557	-
2200	Other payables	6(14)	664,400	9	615,136	9	890,893	14
2230	Current income tax liabilities		61,539	1	43,216	1	17,395	-
2280	Current lease liabilities		8,378	-	10,428	-	20,721	-
2300	Other current liabilities	6(15)	140,604	2	325,969	5	229,997	4
21XX	Current Liabilities		<u>3,452,264</u>	<u>46</u>	<u>3,278,958</u>	<u>48</u>	<u>2,880,131</u>	<u>47</u>
Non-current liabilities								
2540	Long-term borrowings	6(15)	612,000	8	432,000	7	600,000	10
2570	Deferred income tax liabilities		344,951	5	330,973	5	337,063	6
2580	Non-current lease liabilities		5,296	-	4,474	-	4,547	-
2600	Other non-current liabilities		17,552	-	21,904	-	21,764	-
25XX	Non-current liabilities		<u>979,799</u>	<u>13</u>	<u>789,351</u>	<u>12</u>	<u>963,374</u>	<u>16</u>
2XXX	Total Liabilities		<u>4,432,063</u>	<u>59</u>	<u>4,068,309</u>	<u>60</u>	<u>3,843,505</u>	<u>63</u>
Equity attributable to owners of parent								
	Share capital	6(17)						
3110	Common stock		1,492,055	20	1,492,055	22	1,492,055	24
	Capital surplus	6(18)						
3200	Capital surplus		237,195	3	232,800	3	232,800	4
	Retained earnings	6(19)						
3310	Legal reserve		227,431	3	227,431	3	227,431	4
3320	Special reserve		51,901	-	51,901	1	51,901	1
3350	Unappropriated retained earnings		971,517	13	611,356	9	324,203	5
	Other equity interest	6(20)						
3400	Other equity interest		(85,682)	(1)	(105,878)	(1)	(181,282)	(3)
31XX	Equity attributable to owners of the parent		<u>2,894,417</u>	<u>38</u>	<u>2,509,665</u>	<u>37</u>	<u>2,147,108</u>	<u>35</u>
36XX	Non-controlling interest		198,114	3	172,827	3	144,373	2
3XXX	Total equity		<u>3,092,531</u>	<u>41</u>	<u>2,682,492</u>	<u>40</u>	<u>2,291,481</u>	<u>37</u>
	Significant contingent liabilities and unrecognized contract commitments	9						
	Significant events after the balance sheet date	11						
3X2X	Total liabilities and equity		<u>\$ 7,524,594</u>	<u>100</u>	<u>\$ 6,750,801</u>	<u>100</u>	<u>\$ 6,134,986</u>	<u>100</u>

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

C SUN MFG. LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)
(UNAUDITED)

	Items	Notes	Three-month period ended June 30				Six-month period ended June 30			
			2021		2020		2021		2020	
			AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(21)	\$ 1,531,029	100	\$ 907,756	100	\$ 2,914,727	100	\$ 1,673,023	100
5000	Operating costs	6(6) and 7	(998,727)	(65)	(570,339)	(63)	(1,911,022)	(65)	(949,263)	(57)
5900	Net operating margin		<u>532,302</u>	<u>35</u>	<u>337,417</u>	<u>37</u>	<u>1,003,705</u>	<u>35</u>	<u>723,760</u>	<u>43</u>
	Operating expenses	6(26)(27)								
6100	Selling expenses		(146,476)	(10)	(94,699)	(10)	(279,040)	(10)	(199,155)	(12)
6200	General and administrative expenses		(98,314)	(6)	(43,457)	(5)	(160,650)	(5)	(98,412)	(6)
6300	Research and development expenses		(58,301)	(4)	(66,969)	(7)	(117,027)	(4)	(114,529)	(7)
6450	Expected credit losses		(21,199)	(1)	(15,043)	(2)	(53,582)	(2)	(108,062)	(6)
6000	Total operating expenses		(<u>324,290</u>)	(<u>21</u>)	(<u>220,168</u>)	(<u>24</u>)	(<u>610,299</u>)	(<u>21</u>)	(<u>520,158</u>)	(<u>31</u>)
6900	Operating profit		<u>208,012</u>	<u>14</u>	<u>117,249</u>	<u>13</u>	<u>393,406</u>	<u>14</u>	<u>203,602</u>	<u>12</u>
	Non-operating income and expenses									
7100	Interest income	6(22)	5,756	-	7,208	1	11,609	-	13,351	1
7010	Other income	6(23)	6,859	-	21,636	2	14,421	-	24,232	2
7020	Other gains and losses	6(24)	(1,044)	-	(24,232)	(3)	(5,285)	-	(8,100)	-
7050	Finance costs	6(25)	(3,937)	-	(4,453)	-	(7,744)	-	(11,663)	(1)
7060	Share of profit of associates and joint ventures accounted for under equity method		<u>27,868</u>	<u>2</u>	<u>7,168</u>	<u>1</u>	<u>45,816</u>	<u>2</u>	<u>4,812</u>	<u>-</u>
7000	Total non-operating income and expenses		<u>35,502</u>	<u>2</u>	<u>7,327</u>	<u>1</u>	<u>58,817</u>	<u>2</u>	<u>22,632</u>	<u>2</u>
7900	Profit before income tax		243,514	16	124,576	14	452,223	16	226,234	14
7950	Income tax expense	6(28)	(41,478)	(3)	(34,528)	(4)	(83,483)	(3)	(42,944)	(3)
8200	Profit for the period		<u>\$ 202,036</u>	<u>13</u>	<u>\$ 90,048</u>	<u>10</u>	<u>\$ 368,740</u>	<u>13</u>	<u>\$ 183,290</u>	<u>11</u>

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C SUN MFG. LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)
(UNAUDITED)

Items	Notes	Three-month period ended June 30				Six-month period ended June 30				
		2021		2020		2021		2020		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%	
Other comprehensive income										
Components of other comprehensive income that will not be reclassified to profit or loss										
8316	Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	6(3)(20)	\$ 18,504	1	\$ 29,808	3	\$ 53,280	2	(\$ 123,343)	(7)
Components of other comprehensive income that will be reclassified to profit or loss										
8361	Financial statements translation differences of foreign operations		4,813	-	(41,544)	(5)	(8,003)	(1)	(55,006)	(3)
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(28)	(6,501)	-	6,958	1	(4,500)	-	9,234	-
8360	Components of other comprehensive income that will be reclassified to profit or loss		(1,688)	-	(34,586)	(4)	(12,503)	(1)	(45,772)	(3)
8300	Other comprehensive income (loss) for the period		\$ 16,816	1	(\$ 4,778)	(1)	\$ 40,777	1	(\$ 169,115)	(10)
8500	Total comprehensive income for the period		\$ 218,852	14	\$ 85,270	9	\$ 409,517	14	\$ 14,175	1
Profit, attributable to:										
8610	Owners of the parent		\$ 186,499	12	\$ 85,061	9	\$ 337,303	12	\$ 168,739	10
8620	Non-controlling interest		15,537	1	4,987	1	31,437	1	14,551	1
	Profit for the period		\$ 202,036	13	\$ 90,048	10	\$ 368,740	13	\$ 183,290	11
Comprehensive income (loss) attributable to:										
8710	Owners of the parent		\$ 204,600	13	\$ 87,093	9	\$ 380,357	13	\$ 7,562	1
8720	Non-controlling interest		14,252	1	(1,823)	-	29,160	1	6,613	-
	Total comprehensive income (loss) for the period		\$ 218,852	14	\$ 85,270	9	\$ 409,517	14	\$ 14,175	1
Basic earnings per share										
9750	Total basic earnings per share	6(29)	\$ 1.25		\$ 0.57		\$ 2.26		\$ 1.13	
Diluted earnings per share										
9850	Total diluted earnings per share	6(29)	\$ 1.25		\$ 0.57		\$ 2.26		\$ 1.13	

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

C SUN MFG. LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

Equity attributable to owners of the parent												
	Notes	Retained earnings					Other equity interest			Total	Non-controlling interest	Total equity
		Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Other			
Six-month period ended June 30, 2020												
Balance at January 1, 2020		\$ 1,492,055	\$ 232,800	\$ 200,300	\$ 51,901	\$ 545,951	(\$ 160,813)	\$ 149,836	\$ 530	\$ 2,512,560	\$ 137,760	\$ 2,650,320
Profit for the period		-	-	-	-	168,739	-	-	-	168,739	14,551	183,290
Other comprehensive loss for the period	6(20)	-	-	-	-	-	(37,834)	(123,343)	-	(161,177)	(7,938)	(169,115)
Total comprehensive income (loss)		-	-	-	-	168,739	(37,834)	(123,343)	-	7,562	6,613	14,175
Appropriation of 2019 earnings	6(19)	-	-	27,131	-	(27,131)	-	-	-	-	-	-
Legal reserve		-	-	27,131	-	(27,131)	-	-	-	-	-	-
Cash dividends		-	-	-	-	(373,014)	-	-	-	(373,014)	-	(373,014)
Proceeds of disposal of equity instruments at fair value through other comprehensive income	6(20)	-	-	-	-	9,658	-	(9,658)	-	-	-	-
Balance at June 30, 2020		\$ 1,492,055	\$ 232,800	\$ 227,431	\$ 51,901	\$ 324,203	(\$ 198,647)	\$ 16,835	\$ 530	\$ 2,147,108	\$ 144,373	\$ 2,291,481
Six-month period ended June 30, 2021												
Balance at January 1, 2021		\$ 1,492,055	\$ 232,800	\$ 227,431	\$ 51,901	\$ 611,356	(\$ 135,531)	\$ 29,123	\$ 530	\$ 2,509,665	\$ 172,827	\$ 2,682,492
Profit for the period		-	-	-	-	337,303	-	-	-	337,303	31,437	368,740
Other comprehensive for the period	6(20)	-	-	-	-	-	(10,226)	53,280	-	43,054	(2,277)	40,777
Total comprehensive income (loss)		-	-	-	-	337,303	(10,226)	53,280	-	380,357	29,160	409,517
Proceeds of disposal of equity instruments at fair value through other comprehensive income	6(3)(20)	-	-	-	-	22,858	-	(22,858)	-	-	-	-
Change in associates accounted for under equity method	6(18)	-	4,395	-	-	-	-	-	-	4,395	-	4,395
Cash dividends of subsidiaries		-	-	-	-	-	-	-	-	-	(3,873)	(3,873)
Balance at June 30, 2021		\$ 1,492,055	\$ 237,195	\$ 227,431	\$ 51,901	\$ 971,517	(\$ 145,757)	\$ 59,545	\$ 530	\$ 2,894,417	\$ 198,114	\$ 3,092,531

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

C SUN MFG. LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
SIX-MONTH PERIODS ENDED JUNE 30, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Notes	Six-month periods ended June 30	
		2021	2020
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 452,223	\$ 226,234
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(8)(9)(26)	40,996	48,642
Amortisation	6(26)	2,535	3,095
Expected credit losses	12(2)	53,582	108,062
Net gain on financial assets or liabilities at fair value through profit or loss	6(3)(24)	(813)	(2,562)
Interest expense	6(25)	7,744	11,663
Interest income	6(23)	(11,609)	(13,351)
Share of profit of associates and joint ventures accounted for under the equity method		(45,816)	(4,812)
Loss on disposal of property, plant and equipment, net	6(24)	440	94
Gain on disposal of investment	6(24)	-	(1,858)
Impairment loss from non – financial assets	6(24)	653	640
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		(3,330)	(57,227)
Proceeds from disposal of financial assets at fair value through profit or loss		46,792	69,278
Notes receivable		(10,444)	(3,387)
Accounts receivable		669	476,518
Other receivables		(7,548)	(21,891)
Inventories		(303,257)	(229,675)
Prepayments		1,188	2,089
Other current assets		(3,263)	(1,276)
Changes in operating liabilities			
Current contract liabilities		9,402	100,505
Notes payable		(19,870)	(13,458)
Accounts payable		120,314	92,484
Accounts payable - related parties		(6,642)	-
Other payables		47,713	(46,951)
Other current liabilities		14,635	6,138
Accrued pension liabilities		(4,412)	(4,388)
Cash inflow generated from operations		381,882	788,388
Interest paid		(5,827)	(12,789)
Income tax paid		(77,269)	(37,586)
Net cash flows from operating activities		<u>298,786</u>	<u>738,013</u>

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C SUN MFG. LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
SIX-MONTH PERIODS ENDED JUNE 30, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Notes	Six-month periods ended June 30	
		2021	2020
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through other comprehensive income		(\$ 112,909)	(\$ 22,150)
Proceeds from disposal of financial assets at fair value through other comprehensive income		1,472	2,996
Acquisition of financial assets at amortised cost		(263,071)	-
Acquisition of investments accounted for under equity method		(90,913)	(12,606)
Acquisition of property, plant, and equipment	6(30)	(20,398)	(11,354)
Proceeds from disposal of property, plant and equipment		539	109
Acquisition of intangible assets		(393)	(1,839)
Increase in other current financial assets		-	(285)
(Increase) decrease in refundable deposits		(7,086)	2,907
(Increase) decrease in other non-current assets		(1,369)	283
Interest received		11,464	14,428
Net cash flows used in investing activities		(482,664)	(27,511)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Proceeds from short-term borrowings	6(31)	2,578,016	3,034,510
Repayment of short-term borrowings	6(31)	(2,389,055)	(3,388,411)
Proceeds from long-term borrowings	6(31)	560,000	550,000
Repayment of long-term borrowings	6(31)	(580,000)	(600,000)
Increase in guarantee deposits received	6(31)	60	162
Repayment of principal portion of lease liabilities	6(31)	(8,816)	(13,644)
Cash dividends of the subsidiaries		(3,873)	-
Net cash flows from (used in) financing activities		156,332	(417,383)
Effect of exchange rate		(6,570)	(52,385)
Net (decrease) increase in cash and cash equivalents		(34,116)	240,734
Cash and cash equivalents at beginning of period	6(1)	1,621,979	1,105,522
Cash and cash equivalents at end of period	6(1)	<u>\$ 1,587,863</u>	<u>\$ 1,346,256</u>

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

C SUN MFG. LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
SIX-MONTH PERIODS ENDED JUNE 30, 2021 AND 2020

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

(Unaudited)

1. HISTORY AND ORGANIZATION

C SUN MFG. LTD. (the “Company”) was incorporated in April, 1978. The Company and its subsidiaries (collectively referred herein as the “Group”) are engaged in electronics, semiconductors, liquid crystal displays (LCD), printed circuit boards, textiles, plastics, rubber, printing, chemical industry, aerospace and other industrial box ovens, tunnel ovens, UV drying equipment, UV exposure equipment, automatic equipment, plasma generator (PRS series), automatic system integration technology, research, development, related parts manufacturing, maintenance, sales, import and export business of the aforementioned products.

In September, 2001, the Company’s shares were listed on the Taiwan Stock Exchange (TWSE).

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

These consolidated financial statements were authorized for issuance by the Board of Directors on August 5, 2021.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

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

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

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

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

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

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

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

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

(2) Basis of preparation

A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:

(a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

(b) Financial assets at fair value through other comprehensive income.

(c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

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

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

Basis for preparation of consolidated financial statements is consistent with the 2020 consolidated financial statements.

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B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership(%)			Note
			June 30, 2021	December 31, 2020	June 30, 2020	
C SUN MFG. LTD.	C Sun (B.V.I.) Ltd.	Holding company	100%	100%	100%	Note2
C SUN MFG. LTD.	K Sun (Samoa) Ltd.	Holding company	100%	100%	100%	Note2
C SUN MFG. LTD.	Wat Sun. Intelligent Technology Co., Ltd.	Manufacturing and Selling	100%	100%	100%	
C SUN MFG. LTD.	Abcon Technology Inc.	Manufacturing and Selling	-	66.67%	66.67%	Note1 and note2
C Sun (B.V.I.) Ltd.	Csun Technology (Guangzhou) Co., Ltd.	Manufacturing and Selling	100%	100%	100%	
C Sun (B.V.I.) Ltd.	Alpha Joint Ltd.	Holding company	100%	100%	100%	Note2
C Sun (B.V.I.) Ltd.	Power Ever Enterprises Limited	Holding company	77.47%	77.47%	77.47%	Note2
Power Ever Enterprises Limited	Good Team International Enterprises Limited	Holding company	100%	100%	100%	Note2
Good Team International Enterprises Limited	Suzhou Top Creation Machines Co., Ltd.	Manufacturing and Selling	100%	100%	100%	
Suzhou Top Creation Machines Co., Ltd.	Top Creation Machines Co., Ltd.	Manufacturing and Selling	100%	100%	100%	Note2
Csun Technology (Guangzhou) Co., Ltd.	Guangzhou Y SUN Machinery Tech. Co., Ltd.	Manufacturing and Selling	100%	100%	100%	Note2
Csun Technology (Guangzhou) Co., Ltd.	Jiangsu Chunag Gao Xin Materials Technology Co., Ltd.	Manufacturing and Selling	100%	100%	100%	Note2

Note 1: Abcon Technology Inc. was dissolved on February 26, 2021. As of June 30, 2021, the liquidation process has not yet been completed.

Note 2: As these subsidiaries did not meet the definition of significant subsidiaries, the financial statements as of June 30, 2021 and 2020 were not reviewed by independent auditors.

- C. Subsidiaries not included in the consolidated financial statements: None.
- D. Adjustments for subsidiaries with different balance sheet dates: None.
- E. Significant restrictions: None.
- F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Employee benefits

Pensions - Defined benefit plan

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 Judgements, Estimates and Key Sources of Assumption Uncertainty

There have been no significant changes as of June 30, 2021. Please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2020.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Cash on hand and revolving funds	\$ 2,502	\$ 2,805	\$ 2,176
Checking accounts and demand deposits	1,442,672	1,483,412	1,309,027
Time deposits	<u>142,689</u>	<u>135,762</u>	<u>35,053</u>
Total	<u>\$ 1,587,863</u>	<u>\$ 1,621,979</u>	<u>\$ 1,346,256</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. Information about cash and cash equivalents that were pledged to others as collateral and classified as other current assets is provided in Note 8.

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

Items	June 30, 2021	December 31, 2020	June 30, 2020
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Beneficiary certificates	\$ 80,732	\$ 124,940	\$ 81,085
Derivatives	-	705	-
	80,732	125,645	81,085
Valuation adjustment	3,248	721	1,317
Total	\$ 83,980	\$ 126,366	\$ 82,402

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

	For the three-month period ended June 30, 2021	For the three-month period ended June 30, 2020
Financial assets mandatorily measured at fair value through profit or loss		
Derivatives	\$ 617	(\$ 11,282)
	For the six-month period ended June 30, 2021	For the six-month period ended June 30, 2020
Financial assets mandatorily measured at fair value through profit or loss		
Derivatives	\$ 1,481	\$ 1,100

B. The Group entered into contracts relating to derivative financial assets which were not accounted for under hedge accounting. The information is listed below:

June 30, 2021 and 2020: None.

	December 31, 2020	
Derivative financial instruments	Contract amount (notional principal) (in thousands)	Contract period
Current items:		
Foreign exchange swap contracts	CNY 10,000	2020/12-2021/2
	USD 1,000	2020/12-2021/3

Foreign exchange swap contracts

The Group entered into foreign exchange swap contracts to hedge exchange rate risk of assets and liabilities denominated in foreign currencies whose values would be affected by the exchange rate fluctuations. However, these foreign exchange contracts are not accounted for under hedge

accounting.

C. The Group has no financial assets at fair value through profit or loss pledged to others.

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

Items	June 30, 2021	December 31, 2020	June 30, 2020
Current items:			
Equity instruments			
Listed stocks	\$ 101,843	\$ 1,272	\$ 16,957
Valuation adjustment	7,663	283	(3,544)
Total	\$ 109,506	\$ 1,555	\$ 13,413
Non-current items:			
Equity instruments			
Listed stocks	\$ -	\$ -	\$ 63,146
Emerging stocks	27,228	27,228	26,362
Unlisted stocks	69,557	74,814	97,711
	96,785	102,042	187,219
Valuation adjustment	10,948	12,596	13,812
Total	\$ 107,733	\$ 114,638	\$ 201,031

A. The Group has elected to classify equity instruments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$217,239, \$116,193 and \$214,444 as at June 30, 2021, December 31, 2020 and June 30, 2020, respectively.

B. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	For the three-month period ended June 30, 2021	For the three-month period ended June 30, 2020
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	\$ 18,504	\$ 29,808
Cumulative gains (losses) reclassified to retained earnings due to derecognition	\$ -	(\$ 522)
	For the six-month period ended June 30, 2021	For the six-month period ended June 30, 2020
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	\$ 53,280	(\$ 123,343)
Cumulative gains (losses) reclassified to retained earnings due to derecognition	(\$ 22,858)	(\$ 9,658)

C. On March 30, 2020, the Group increased its shareholding ratio in Gallant Precision Machining Co., Ltd. whose shares were held by the Group to 20.15% and has significant impact over the company, thus, the investment was transferred from “financial assets at fair value through other comprehensive income” to “investments accounted for using equity method”.

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

(4) Financial assets at amortised cost

Items	June 30, 2021	December 31, 2020	June 30, 2020
Current items:			
Three month time deposits	\$ 99,191	\$ -	\$ -
Non-current items:			
Time deposits over three months	\$ 163,880	\$ -	\$ -

A. Details of the Group’s financial assets at amortised cost pledged to others as collateral are not provided.

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

(5) Notes and accounts receivable

	June 30, 2021	December 31, 2020	June 30, 2020
Notes receivable	\$ 45,680	\$ 35,236	\$ 45,129
Less: Allowance for uncollectible accounts	(40)	(23)	(49)
	<u>\$ 45,640</u>	<u>\$ 35,213</u>	<u>\$ 45,080</u>
Accounts receivable	\$ 2,169,543	\$ 2,170,212	\$ 2,122,919
Less: Allowance for uncollectible accounts	(272,935)	(225,883)	(244,544)
	<u>\$ 1,896,608</u>	<u>\$ 1,944,329</u>	<u>\$ 1,878,375</u>
Overdue receivable (shown as other non-current assets)	\$ 74,435	\$ 69,321	\$ 68,028
Less: Allowance for uncollectible accounts	(74,435)	(69,321)	(68,028)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

A. The ageing analysis of accounts receivable and notes receivable that were past due but not impaired is as follows:

	June 30, 2021		December 31, 2020	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due to 60 days	\$ 2,048,633	\$ 45,680	\$ 2,065,346	\$ 35,236
61 to 120 days	34,645	-	62,647	-
121 to 180 days	6,022	-	2,208	-
Over 180 days	80,243	-	40,011	-
	<u>\$ 2,169,543</u>	<u>\$ 45,680</u>	<u>\$ 2,170,212</u>	<u>\$ 35,236</u>

	June 30, 2020	
	Accounts receivable	Notes receivable
Not past due to 60 days	\$ 1,964,515	\$ 45,122
61 to 120 days	43,504	7
121 to 180 days	23,230	-
Over 180 days	91,670	-
	<u>\$ 2,122,919</u>	<u>\$ 45,129</u>

The above ageing analysis was based on past due date.

- B. As of June 30, 2021, December 31, 2020 and June 30, 2020, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2020, the balance of receivables from contracts with customers amounted to \$2,632,338.
- C. The Group has no notes and accounts receivable pledged to others as collateral.
- D. As at June 30, 2021, December 31, 2020 and June 30, 2020, 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 Group's notes and accounts receivable was \$45,640, \$35,213 and \$45,080; \$1,896,608, \$1,944,329 and \$1,878,375, respectively.
- E. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(6) Inventories

	June 30, 2021		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 290,403	(\$ 130,706)	\$ 159,697
Work in progress	745,251	(99,189)	646,062
Finished goods	526,966	(75,710)	451,256
Total	<u>\$ 1,562,620</u>	<u>(\$ 305,605)</u>	<u>\$ 1,257,015</u>
	December 31, 2020		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 240,334	(\$ 135,650)	\$ 104,684
Work in progress	610,241	(85,535)	524,706
Finished goods	425,091	(100,723)	324,368
Total	<u>\$ 1,275,666</u>	<u>(\$ 321,908)</u>	<u>\$ 953,758</u>

	June 30, 2020		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 333,785	(\$ 164,219)	\$ 169,566
Work in progress	537,074	(102,501)	434,573
Finished goods	325,134	(116,659)	208,475
Total	<u>\$ 1,195,993</u>	<u>(\$ 383,379)</u>	<u>\$ 812,614</u>

The cost of inventories recognised as expense for the period:

	For the three-month period ended June 30, 2021	For the three-month period ended June 30, 2020
	Cost of goods sold and others	\$ 1,005,805
Gain on reversal of decline in market value	(7,078)	(52,010)
Total	<u>\$ 998,727</u>	<u>\$ 570,339</u>

	For the six-month period ended June 30, 2021	For the six-month period ended June 30, 2020
	Cost of goods sold	\$ 1,927,325
Gain on reversal of decline in market value	(16,303)	(153,455)
Total	<u>\$ 1,911,022</u>	<u>\$ 949,263</u>

For the three-month periods ended June 30, 2021 and 2020, the Group reversed an inventory write-down and accounted for as reduction of cost of goods sold because inventory that has been appropriated as loss on decline in market value was partially sold.

(7) Investments accounted for under equity method

	June 30, 2021	December 31, 2020	June 30, 2020
Associates:			
Gallant Precision Machining Co., Ltd.	\$ 901,639	\$ 734,188	\$ 614,347
Gallant Micro. Machining Co., Ltd.	92,831	86,153	-
Alpha-Cure Asia Co., Ltd.	62,626	71,981	59,082
Viewmove Technologies, Inc.	38,327	-	-
	<u>\$ 1,095,423</u>	<u>\$ 892,322</u>	<u>\$ 673,429</u>

A. Associates

(a) The basic information of the associates that are material to the Group is as follows:

Company name	Principal place of business	Shareholding ratio			Nature of relationship	Methods of measurement
		June 30, 2021	December 31, 2020	June 30, 2020		
Gallant Precision Machining Co., Ltd.	Taiwan	25.73%	23.94%	20.53%	Business strategy	Equity method
Gallant Micro. Machining Co., Ltd.	Taiwan	22.71% (Note 1)	20.10% (Note 1)	-	Business strategy	Equity method
Alpha-Cure Asia Co., Ltd.	China	25.00%	25.00%	25.00%	Business strategy	Equity method
Viewmove Technologies, Inc.	Taiwan	20.70% (Note 2)	14.70%	14.70%	Business strategy	Equity method

Note 1: It refers to the comprehensive shareholding ratio including shares of investees directly held by the Group and indirectly held through the associate.

Note 2: On February 1, 2021, the Group increased the shareholding of ViewMove Technologies, Inc. whose shares were directly held by the Group and has significant impact on it, thus, the investment was transferred from “financial assets at fair value through other comprehensive income” to “investments accounted for under equity method”.

(b) The summarised financial information of the associates that are material to the Group is as follows:

Balance sheet

	Gallant Precision Machining Co., Ltd. and subsidiaries		
	June 30, 2021	December 31, 2020	June 30, 2020
Current assets	\$ 4,949,664	\$ 4,797,281	\$ 4,914,449
Non-current assets	1,751,452	1,298,789	1,188,376
Current liabilities	(3,348,980)	(2,902,762)	(2,795,753)
Non-current liabilities	(520,802)	(521,349)	(881,945)
Total net assets	<u>\$ 2,831,334</u>	<u>\$ 2,671,959</u>	<u>\$ 2,425,127</u>
Share in associate's net assets	\$ 668,077	\$ 530,802	\$ 497,879
Goodwill	188,012	188,012	116,468
Other	45,550	15,374	-
Carrying amount of the associate	<u>\$ 901,639</u>	<u>\$ 734,188</u>	<u>\$ 614,347</u>

	Gallant Micro Machining Co., Ltd. and subsidiaries	
	June 30, 2021	December 31, 2020
Current assets	\$ 1,647,501	\$ 1,364,254
Non-current assets	696,558	587,931
Current liabilities	(1,224,937)	(732,326)
Non-current liabilities	(270,582)	(264,964)
Total net assets	<u>\$ 848,540</u>	<u>\$ 954,895</u>
Share in associate's net assets	\$ 56,550	\$ 60,192
Goodwill	25,961	25,961
Other	10,320	-
Carrying amount of the associate	<u>\$ 92,831</u>	<u>\$ 86,153</u>

Statement of comprehensive income

	Gallant Precision Machining Co., Ltd. and subsidiaries	
	For the three-month period ended June 30, 2021	For the three-month period ended June 30, 2020
Revenue	\$ 1,460,392	\$ 726,612
Profit or loss for the period from continuing operations	\$ 143,109	\$ 44,346
Other comprehensive income, net of tax	106,116	991
Total comprehensive income	\$ 249,225	\$ 45,337
	Gallant Precision Machining Co., Ltd. and subsidiaries	
	For the six-month period ended June 30, 2021	For the six-month period ended June 30, 2020
Revenue	\$ 2,525,705	\$ 1,365,255
Profit or loss for the period from continuing operations	\$ 210,160	\$ 16,310
Other comprehensive income (loss), net of tax	126,724	(23,060)
Total comprehensive income (loss)	\$ 336,884	(\$ 6,750)
	Gallant Micro Machining Co., Ltd. and subsidiaries	
	For the three-month period ended June 30, 2021	For the six-month period ended June 30, 2021
Revenue	\$ 461,544	\$ 710,827
Profit for the period from continuing operations	\$ 78,102	\$ 84,584
Other comprehensive income, net of tax	34,614	39,002
Total comprehensive income	\$ 112,716	\$ 123,586

(c) The carrying amount of the Group's interests in all individually immaterial associates and the Group's share of the operating results are summarised below:

As at June 30, 2021, December 31, 2020 and June 30, 2020, the carrying amount of the Group's individually immaterial associates amounted to \$100,953, \$71,981 and \$59,082, respectively.

	For the three-month period ended June 30, 2021	For the three-month period ended June 30, 2020
Profit or loss for the period from continuing operations	(\$ 5,890)	(\$ 2,898)
Other comprehensive income, net of tax	-	-
Total comprehensive loss	<u>(\$ 5,890)</u>	<u>(\$ 2,898)</u>
	For the six-month period ended June 30, 2021	For the six-month period ended June 30, 2020
Profit or loss for the period from continuing operations	(\$ 3,850)	(\$ 12,323)
Other comprehensive income, net of tax	-	-
Total comprehensive loss	<u>(\$ 3,850)</u>	<u>(\$ 12,323)</u>

- (d) The Group's material associate Gallant Precision Machining Co., Ltd. has a quoted market price. As at June 30, 2021, December 31, 2020 and June 30, 2020, the fair value were \$1,659,072, \$1,654,658 and \$678,117, respectively.
- (e) The Group's material associate Gallant Micro Machining Co., Ltd. has a quoted market price. As at June 30, 2021, December 31, 2020 and June 30, 2020, the fair values were \$248,244, \$106,908 and \$81,540, respectively.
- (f) The Group is the single largest shareholder of Gallant Precision Machining Co., Ltd. with a 25.73% equity interest. Given that the key management of the Company and Gallant Precision Machining Co., Ltd. is not the same and the remaining shares are widely held, which indicates that the Group has no current ability to direct the relevant activities of Gallant Precision Machining Co., Ltd., the Group has no control, but only has significant influence, over the investee.

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(8) Property, plant and equipment

2021

	Land	Buildings and structures	Machinery and equipment	Office equipment	Transportation equipment	Other equipment	Construction in progress and prepayment for equipment	Total
At January 1								
Cost	\$ 174,128	\$ 642,066	\$ 122,697	\$ 108,383	\$ 30,521	\$ 177,480	\$ 3,388	\$ 1,258,663
Accumulated depreciation	-	(215,894)	(99,839)	(78,506)	(25,892)	(129,313)	-	(549,444)
	<u>\$ 174,128</u>	<u>\$ 426,172</u>	<u>\$ 22,858</u>	<u>\$ 29,877</u>	<u>\$ 4,629</u>	<u>\$ 48,167</u>	<u>\$ 3,388</u>	<u>\$ 709,219</u>
Opening net book amount	\$ 174,128	\$ 426,172	\$ 22,858	\$ 29,877	\$ 4,629	\$ 48,167	\$ 3,388	\$ 709,219
Additions	-	3,190	419	5,653	3,894	2,351	4,525	20,032
Disposals	-	-	(439)	(370)	(93)	(77)	-	(979)
Reclassifications(Note)	-	-	-	280	-	-	(974)	(694)
Depreciation charge	-	(11,104)	(3,137)	(6,469)	(1,122)	(9,928)	-	(31,760)
Net exchange differences	-	(1,916)	(233)	(125)	(60)	(465)	-	(2,799)
Closing net book amount	<u>\$ 174,128</u>	<u>\$ 416,342</u>	<u>\$ 19,468</u>	<u>\$ 28,846</u>	<u>\$ 7,248</u>	<u>\$ 40,048</u>	<u>\$ 6,939</u>	<u>\$ 693,019</u>
At June 30								
Cost	\$ 174,128	\$ 642,151	\$ 117,696	\$ 109,897	\$ 33,105	\$ 176,884	\$ 6,939	1,260,800
Accumulated depreciation	-	(225,809)	(98,228)	(81,051)	(25,857)	(136,836)	-	(567,781)
	<u>\$ 174,128</u>	<u>\$ 416,342</u>	<u>\$ 19,468</u>	<u>\$ 28,846</u>	<u>\$ 7,248</u>	<u>\$ 40,048</u>	<u>\$ 6,939</u>	<u>\$ 693,019</u>

Note : It refers to construction in progress and prepayment for equipment transferred to office equipment amounting to \$280, and intangible assets amounting to \$694.

2020

	Land	Buildings and structures	Machinery and equipment	Office equipment	Transportation equipment	Other equipment	Construction in progress and prepayment for equipment	Total
At January 1								
Cost	\$ 174,128	\$ 622,805	\$ 121,824	\$ 92,862	\$ 30,846	\$ 171,935	\$ 24,147	\$ 1,238,547
Accumulated depreciation	-	(191,283)	(93,026)	(66,363)	(23,856)	(108,768)	-	(483,296)
	<u>\$ 174,128</u>	<u>\$ 431,522</u>	<u>\$ 28,798</u>	<u>\$ 26,499</u>	<u>\$ 6,990</u>	<u>\$ 63,167</u>	<u>\$ 24,147</u>	<u>\$ 755,251</u>
Opening net book amount	\$ 174,128	\$ 431,522	\$ 28,798	\$ 26,499	\$ 6,990	\$ 63,167	\$ 24,147	\$ 755,251
Additions	-	2,250	70	4,364	-	3,163	896	10,743
Disposals	-	-	(143)	(38)	-	(22)	-	(203)
Reclassifications	-	12,386	-	9,955	-	-	(23,198)	(857)
Depreciation charge	-	(11,879)	(3,563)	(6,970)	(1,388)	(10,130)	-	(33,930)
Net exchange differences	-	(4,293)	(618)	(286)	(163)	(1,317)	(10)	(6,687)
Closing net book amount	<u>\$ 174,128</u>	<u>\$ 429,986</u>	<u>\$ 24,544</u>	<u>\$ 33,524</u>	<u>\$ 5,439</u>	<u>\$ 54,861</u>	<u>\$ 1,835</u>	<u>\$ 724,317</u>
At June 30								
Cost	\$ 174,128	\$ 630,768	\$ 117,985	\$ 104,537	\$ 29,185	\$ 170,290	\$ 1,835	\$ 1,228,728
Accumulated depreciation	-	(200,782)	(93,441)	(71,013)	(23,746)	(115,429)	-	(504,411)
	<u>\$ 174,128</u>	<u>\$ 429,986</u>	<u>\$ 24,544</u>	<u>\$ 33,524</u>	<u>\$ 5,439</u>	<u>\$ 54,861</u>	<u>\$ 1,835</u>	<u>\$ 724,317</u>

Note : It refers to construction in progress and prepayment for equipment transferred to buildings and structures amounting to \$12,386, office equipment amounting to \$9,955, and software amounting to \$857.

- A. There were no borrowing costs capitalized as part of property, plant and equipment for the three-month and six-month periods ended June 30, 2021 and 2020.
- 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, multifunction printers, business vehicles. Land contract is typically made for periods of 26 to 50 years and other rental contracts are typically made for periods of 1 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. Short-term leases with a lease term of 12 months or less comprise of photocopiers and business vehicles, which were excluded from the right-of-use assets.
- C. The carrying amount of the depreciation charge are as follows:

	Carrying amount		
	June 30, 2021	December 31, 2020	June 30, 2020
Land	\$ 48,679	\$ 50,016	\$ 48,675
Buildings	1,309	6,893	15,812
Transportation equipment (Business vehicles)	12,034	7,114	7,905
Office equipment (Photocopiers)	254	535	930
	<u>\$ 62,276</u>	<u>\$ 64,558</u>	<u>\$ 73,322</u>
	Depreciation charge		
	For the three-month period ended June 30, 2021	For the three-month period ended June 30, 2020	
Land	\$ 371	\$ 362	
Buildings	987	5,508	
Transportation equipment (Business vehicles)	1,488	1,059	
Office equipment (Photocopiers)	69	231	
	<u>\$ 2,915</u>	<u>\$ 7,160</u>	

	Depreciation charge	
	For the six-month period ended June 30, 2021	For the six-month period ended June 30, 2020
Land	\$ 746	\$ 731
Buildings	5,571	11,140
Transportation equipment (Business vehicles)	2,641	2,377
Office equipment (Photocopiers)	278	464
	<u>\$ 9,236</u>	<u>\$ 14,712</u>

D. For the three-month and six-month periods ended June 30, 2021 and 2020, the additions to right-of-use assets were \$5,504, \$5,873, \$7,567 and \$5,873, respectively.

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

	For the three-month period ended June 30, 2021	For the three-month period ended June 30, 2020
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 52	\$ 245
Expense on short-term lease contracts	1,820	506
Expense on leases of low-value assets	141	120
	<u>For the six-month period ended June 30, 2021</u>	<u>For the six-month period ended June 30, 2020</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 115	\$ 566
Expense on short-term lease contracts	2,014	1,222
Expense on leases of low-value assets	153	169

F. For the six-month periods ended June 30, 2021 and 2020, the Group's total cash outflow for leases were \$11,098 and \$15,601, respectively.

(10) Leasing arrangements – lessor

A. The Group leases various assets including buildings. Rental contracts are typically made for periods of 6 and 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. To protect the lessor's ownership rights on the leased assets, leased assets may not be used as security for borrowing purposes, or a residual value guarantee was required.

B. For the three-month and six-month periods ended June 30, 2021 and 2020, the Group recognised rent income in the amounts of \$2,985, \$2,847, \$6,122 and \$4,500, respectively, based on the operating lease agreement, which does not include variable lease payments.

C. The maturity analysis of the undiscounted lease payments in the finance lease is as follows:

	<u>June 30, 2021</u>		<u>December 31, 2020</u>		<u>June 30, 2020</u>			
2021	\$	5,968	2021	\$	11,273	2020	\$	5,617
2022		12,159	2022		11,493	2021		11,235
2023		8,387	2023		7,783	2022		11,453
2024		8,042	2024		7,444	2023		7,756
2025		8,042	2025		7,444	2024		7,419
After 2026		33,273	After 2026		31,017	2025		7,419
	\$	<u>75,871</u>		\$	<u>76,454</u>	After 2026		<u>30,911</u>
							\$	<u>81,810</u>

(11) Intangible assets

	2021			
	<u>Software</u>	<u>Patent</u>	<u>Goodwill</u>	<u>Total</u>
At January 1				
Cost	\$ 20,904	\$ 4,354	\$ 200,170	\$ 225,428
Accumulated amortisation and impairment	(13,765)	(2,465)	(157,825)	(174,055)
	<u>\$ 7,139</u>	<u>\$ 1,889</u>	<u>\$ 42,345</u>	<u>\$ 51,373</u>
Opening net book amount as at January 1	\$ 7,139	\$ 1,889	\$ 42,345	\$ 51,373
Additions	335	58	-	393
Reclassifications (Note)	694	-	-	694
Impairment loss	-	-	(653)	(653)
Amortisation charge	(2,349)	(186)	-	(2,535)
Net exchange differences	(374)	(21)	(751)	(1,146)
Closing net book amount as at June 30	<u>\$ 5,445</u>	<u>\$ 1,740</u>	<u>\$ 40,941</u>	<u>\$ 48,126</u>
At June 30				
Cost	\$ 21,500	\$ 4,360	\$ 199,149	\$ 225,009
Accumulated amortisation and impairment	(16,055)	(2,620)	(158,208)	(176,883)
	<u>\$ 5,445</u>	<u>\$ 1,740</u>	<u>\$ 40,941</u>	<u>\$ 48,126</u>

Note : It refers to construction in process and prepayment for equipment transferred to software amounting to \$694.

	2020			
	Software	Patent	Goodwill	Total
At January 1				
Cost	\$ 30,849	\$ 4,217	\$ 201,163	\$ 236,229
Accumulated amortisation and impairment	(23,250)	(2,062)	(156,443)	(181,755)
	<u>\$ 7,599</u>	<u>\$ 2,155</u>	<u>\$ 44,720</u>	<u>\$ 54,474</u>
Opening net book amount as at January 1	\$ 7,599	\$ 2,155	\$ 44,720	\$ 54,474
Additions	1,828	11	-	1,839
Reclassifications (Note)	1,561	-	-	1,561
Impairment loss	-	-	(640)	(640)
Amortisation charge	(2,402)	(181)	-	(2,583)
Net exchange differences	(11)	(52)	(767)	(830)
Closing net book amount as at June 30	<u>\$ 8,575</u>	<u>\$ 1,933</u>	<u>\$ 43,313</u>	<u>\$ 53,821</u>
At June 30				
Cost	\$ 19,621	\$ 4,118	\$ 199,958	\$ 223,697
Accumulated amortisation and impairment	(11,046)	(2,185)	(156,645)	(169,876)
	<u>\$ 8,575</u>	<u>\$ 1,933</u>	<u>\$ 43,313</u>	<u>\$ 53,821</u>

Note : It refers to construction in progress and prepayment for equipment transferred to software amounting to \$857, and prepaid expense transferred to software amounting to \$704.

Details of amortisation on intangible assets are as follows:

	For the three-month period ended June 30, 2021	For the three-month period ended June 30, 2020
	Operating costs	\$ 160
Selling expenses	106	92
Administrative expenses	697	635
Research and development expenses	251	299
	<u>\$ 1,214</u>	<u>\$ 1,209</u>
	For the six-month period ended June 30, 2021	For the six-month period ended June 30, 2020
	Operating costs	\$ 346
Selling expenses	225	177
Administrative expenses	1,432	1,450
Research and development expenses	532	581
	<u>\$ 2,535</u>	<u>\$ 2,583</u>

(12) Short-term borrowings

<u>Type of borrowings</u>	<u>June 30, 2021</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Unsecured borrowings	<u>\$ 759,651</u>	0.80%~1.03%	None
<u>Type of borrowings</u>	<u>December 31, 2020</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Unsecured borrowings	<u>\$ 570,600</u>	0.61%~0.95%	None
<u>Type of borrowings</u>	<u>June 30, 2020</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Unsecured borrowings	<u>\$ 594,059</u>	0.83%~2.9%	None

(13) Financial liabilities at fair value through profit or loss

<u>Items</u>	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Current items:			
Financial liabilities held for trading			
Derivative instruments	<u>\$ 1,135</u>	<u>\$ 166</u>	<u>\$ 5,870</u>

A. Amounts recognised in profit or loss and other comprehensive income in relation to financial liabilities at fair value through profit or loss are as follows:

	<u>For the three-month period ended June 30, 2021</u>	<u>For the three-month period ended June 30, 2020</u>
Financial liabilities mandatorily measured at fair value through profit or loss		
Derivative instruments	<u>(\$ 2,914)</u>	<u>(\$ 1,698)</u>
	<u>For the six-month period ended June 30, 2021</u>	<u>For the six-month period ended June 30, 2020</u>
Financial liabilities mandatorily measured at fair value through profit or loss		
Derivative instruments	<u>\$ 668</u>	<u>(\$ 1,462)</u>

B. Explanations of the transactions and contract information in respect of derivative financial liabilities that the Group does not adopt hedge accounting are as follows:

Derivative financial liabilities	June 30, 2021		December 31, 2020	
	Contract amount (Notional principal)		Contract amount (Notional principal)	
	(in thousands)	Contract period	(in thousands)	Contract period
Current items:				
Foreign exchange swap contracts	USD 3,700	2021/6-2021/8	USD 6,990	2020/11-2021/2
	CNY 21,000	2021/6-2021/7		
	USD 1,000	2021/6-2021/8		
	USD 7,300	2021/6-2021/7		

Derivative financial liabilities	June 30, 2020	
	Contract amount (Notional principal)	
	(in thousands)	Contract period
Current items:		
Foreign exchange swap contracts	USD 29,600	2020/7-2020/10
	JPY 86,080	2020/7

Foreign exchange swap contracts

The Group entered into foreign exchange swap contracts to hedge exchange rate risk of assets and liabilities denominated in foreign currencies whose values would be affected by the exchange rate fluctuations. However, these foreign exchange contracts are not accounted for under hedge accounting.

(14) Other payables

	June 30, 2021	December 31, 2020	June 30, 2020
Salary and bonus payable	\$ 247,676	\$ 264,074	\$ 204,951
Employees' compensation and directors' remuneration payable	29,901	17,360	10,345
Pension payable under the new labor pension system	24,053	24,887	24,671
Accrued annual leave	21,487	20,513	18,127
Accrued professional service fees	6	6	7
Payable on machinery and equipment	138	504	489
Payable for dividends	-	-	373,014
Other	341,139	287,792	259,289
	<u>\$ 664,400</u>	<u>\$ 615,136</u>	<u>\$ 890,893</u>

(15) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	June 30, 2021
Long-term bank borrowings				
Unsecured borrowings	Borrowing period is from July 29, 2019 to July 28, 2021; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	None	\$ 100,000
Secured borrowings	Borrowing period is from May 18, 2021 to May 18, 2024; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	Land and Buildings	180,000
Secured borrowings	Borrowing period is from February 20, 2020 to February 20, 2025; interest is repayable quarterly; principal is repayable quarterly in 12 instalments from the next day after 24 months. The monthly payment shall be calculated by using annuity method and the principal and interest shall be paid based on the schedule.	Fixed	Note	300,000
Secured borrowings	Borrowing period is from July 1, 2020 to February 20, 2025; interest is repayable quarterly; principal is repayable quarterly in 12 instalments from the next day after 24 months. The monthly payment shall be calculated by using annuity method and the principal and interest shall be paid based on the schedule.	Fixed	Note	24,000
Secured borrowings	Borrowing period is from July 1, 2020 to February 20, 2025; interest is repayable quarterly; principal is repayable quarterly in 12 instalments from the next day after 24 months. The monthly payment shall be calculated by using annuity method and the principal and interest shall be paid based on the schedule.	Fixed	Note	108,000
				<u>712,000</u>
Less: Current portion (shown as other current liabilities)				<u>(100,000)</u>
				<u>\$ 612,000</u>

Interest rate range: 0.74%~0.88%

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2020
Long-term bank borrowings				
Unsecured borrowings	Borrowing period is from July 29, 2019 to July 28, 2021; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	None	\$ 100,000
Unsecured borrowings	Borrowing period is from November 18, 2019 to May 18, 2021; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	None	200,000
Secured borrowings	Borrowing period is from February 20, 2020 to February 20, 2025; interest is repayable quarterly; principal is repayable quarterly in 12 instalments from the next day after 24 months. The monthly payment shall be calculated by using annuity method and the principal and interest shall be paid based on the schedule.	Fixed	Note	300,000
Secured borrowings	Borrowing period is from July 1, 2020 to February 20, 2025; interest is repayable quarterly; principal is repayable quarterly in 12 instalments from the next day after 24 months. The monthly payment shall be calculated by using annuity method and the principal and interest shall be paid based on the schedule.	Fixed	Note	24,000
Secured borrowings	Borrowing period is from July 1, 2020 to February 20, 2025; interest is repayable quarterly; principal is repayable quarterly in 12 instalments from the next day after 24 months. The monthly payment shall be calculated by using annuity method and the principal and interest shall be paid based on the schedule.	Fixed	Note	108,000
				732,000
Less: Current portion (shown as other current liabilities)				(300,000)
				<u>\$ 432,000</u>

Interest rate range: 0.52%~0.88%

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	June 30, 2020
Long-term bank borrowings				
Unsecured borrowings	Borrowing period is from July 29, 2019 to July 28, 2021; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	None	\$ 100,000
Unsecured borrowings	Borrowing period is from November 18, 2019 to May 18, 2021; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	None	200,000
Unsecured borrowings	Borrowing period is from November 1, 2019 to November 1, 2021; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	None	100,000
Unsecured borrowings	Borrowing period is from June 29, 2020 to August 28, 2020; interest is repayable monthly; principal is repayable in full at maturity. The quarterly payment can be redrawn in the credit period during May 15, 2020 to May 15, 2022.	Fixed	None	100,000
Secured borrowings	Borrowing period is from February 20, 2020 to May 20, 2020, interest is repayable monthly; principal is repayable quarterly with amount \$25,000 starting from May 20, 2020 onwards. The quarterly payment can be redrawn in the credit period during February 20, 2020 to February 20, 2025.	Fixed	Note	300,000
				800,000
Less: Current portion (shown as other current liabilities)				(200,000)
				<u>\$ 600,000</u>

Interest rate range: 1.00%~1.23%

Note : In order to repay the existing bank loans and replenish the medium-term working capital, the Company appointed Taipei Fubon Commercial Bank Co., Ltd. to provide a loan amounting to \$500 million with a credit term of five years from the date of first drawdown. The Company has pledged the property (please refer to Note 8 for details) to the management bank as collateral.

According to the abovementioned loan agreement, the Company agreed to provide the consolidated financial statements audited by CPA annually and maintain the following financial ratios and agreements before the full settlement of the debts during the duration of agreement:

A. Current ratio: Current assets against current liabilities shall be at least 120%.

- B. Debt ratio: Debt against net tangible assets shall be no more than 200%.
- C. Interest coverage ratio: The net profit before tax plus interest expense plus depreciation expense and amortisation expense divided by interest expense shall be at least three times.
- D. Net tangible assets: the net asset value less intangible shall be no less than \$2 billion.

For the six-month periods ended June 30, 2021 and 2020, the consolidated financial statements of the Group met the requirements of the financial ratio limits.

(16) Pensions

- A. (a) The Company and its domestic subsidiaries have 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 and its domestic subsidiaries contribute monthly an amount equal to 4% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company and its domestic subsidiaries will make contributions for the deficit by next March.
 - (b) For the aforementioned pension plan, the Group recognized pension costs of \$177, \$190, \$355 and \$380 for the three-month and six-month periods ended June 30, 2021 and 2020, respectively.
 - (c) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2021 amount to \$9,536.
- B. (a) Effective July 1, 2005, the Company and its domestic subsidiaries (Wat Sun. Intelligent Technology Co., Ltd., Top Creation Machines Co., Ltd. and Abcon Technology Inc.) have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
 - (b) The Company's mainland China subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the

pension regulations in the People’s Republic of China (PRC) are based on certain percentage of employees’ monthly salaries and wages. The contribution percentage was 10%~20%, respectively. Other than the monthly contributions, the Group has no further obligations.

(d) The pension costs under defined contribution pension plans of the Group for the three-month and six-month periods ended June 30, 2021 and 2020, were \$3,393, \$3,126, \$6,676 and \$6,292, respectively.

(17) Share capital

A. As of June 30, 2021, the Company’s authorised capital was \$2,000,000, consisting of 200,000 thousand shares of ordinary stock, and the paid-in capital was \$1,492,055 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number of the Company’s ordinary shares outstanding(thousands shares) are as follows:

	2021	2020
At January 1 / June 30	<u>149,206</u>	<u>149,206</u>

(18) Capital surplus

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

	2021						
	Share premium	Combined premium	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Changes in ownership interests in subsidiaries	Net change in equity of associates accounted for under equity method	Employee stock option	Total
At January 1	\$ 85,584	\$133,672	\$ 11,761	\$ 1,776	\$ -	\$ 7	\$ 232,800
Changes in associates accounted for under equity method	-	-	-	-	4,395	-	4,395
At June 30	<u>\$ 85,584</u>	<u>\$133,672</u>	<u>\$ 11,761</u>	<u>\$ 1,776</u>	<u>\$ 4,395</u>	<u>\$ 7</u>	<u>\$ 237,195</u>

2020

	Share premium	Combined premium	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Changes in ownership interests in subsidiaries	Net change in equity of associates accounted for under equity method	Employee stock option	Total
At January 1/ June 30	\$ 85,584	\$133,672	\$ 11,761	\$ 1,776	\$ -	\$ 7	\$ 232,800

(19) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. Stock dividends should be appropriated at a rate of 10% per annum. The remainder, if any, to be retained or to be appropriated shall be resolved by the stockholders at the stockholders' meeting.
- B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- C. Special reserve
 - (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
 - (b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-Corporate-1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use period if the assets are investment property other than land.
- D. The appropriation of 2020 and 2019 earnings had been resolved at the stockholders' meeting on July 8, 2021 and May 21, 2020, respectively. Details are summarized below:

	2020		2019	
	Amount	Dividends per share (in NT dollars)	Amount	Dividends per share (in NT dollars)
Legal reserve	\$ -	\$ -	\$ 27,131	\$ -
Cash dividends	373,013	2.5	373,014	2.5
Stock dividends	29,841	0.2	-	-
Total	<u>\$ 402,854</u>	<u>\$ 2.7</u>	<u>\$ 400,145</u>	<u>\$ 2.5</u>

(20) Other equity items

	2021			
	Unrealised gains(losses) on valuation	Foreign currency translation	Other	Total
At January 1	\$ 29,123	(\$ 135,531)	\$ 530	(\$ 105,878)
Valuation adjustment	53,280	-	-	53,280
Disposal transferred out from retained earnings	(22,858)	-	-	(22,858)
Currency translation differences:				
-Group	-	(10,226)	-	(10,226)
At June 30	<u>\$ 59,545</u>	<u>(\$ 145,757)</u>	<u>\$ 530</u>	<u>(\$ 85,682)</u>

	2020			
	Unrealised gains(losses) on valuation	Foreign currency translation	Other	Total
At January 1	\$ 149,836	(\$ 160,813)	\$ 530	(\$ 10,447)
Valuation adjustment	(123,343)	-	-	(123,343)
Disposal transferred out from retained earnings	(9,658)	-	-	(9,658)
Currency translation differences:				
-Group	-	(37,834)	-	(37,834)
At June 30	<u>\$ 16,835</u>	<u>(\$ 198,647)</u>	<u>\$ 530</u>	<u>(\$ 181,282)</u>

(21) Operating revenue

A. Disaggregation of revenue from contracts with customers

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

For the three-month period ended June 30, 2021	Taiwan	China	Other	Total
Timing of revenue recognition				
At a point in time	\$ 301,308	\$ 1,175,776	\$ 32,506	\$ 1,509,590
Over time	21,439	-	-	21,439
	<u>\$ 322,747</u>	<u>\$ 1,175,776</u>	<u>\$ 32,506</u>	<u>\$ 1,531,029</u>
For the three-month period ended June 30, 2020	Taiwan	China	Other	Total
Timing of revenue recognition				
At a point in time	\$ 173,722	\$ 627,802	\$ 83,386	\$ 884,910
Over time	22,846	-	-	22,846
	<u>\$ 196,568</u>	<u>\$ 627,802</u>	<u>\$ 83,386</u>	<u>\$ 907,756</u>
For the six-month period ended June 30, 2021	Taiwan	China	Other	Total
Timing of revenue recognition				
At a point in time	\$ 685,870	\$ 2,112,161	\$ 76,421	\$ 2,874,452
Over time	40,275	-	-	40,275
	<u>\$ 726,145</u>	<u>\$ 2,112,161</u>	<u>\$ 76,421</u>	<u>\$ 2,914,727</u>
For the six-month period ended June 30, 2020	Taiwan	China	Other	Total
Timing of revenue recognition				
At a point in time	\$ 333,852	\$ 1,179,431	\$ 119,355	\$ 1,632,638
Over time	40,385	-	-	40,385
	<u>\$ 374,237</u>	<u>\$ 1,179,431</u>	<u>\$ 119,355</u>	<u>\$ 1,673,023</u>

B. Contract liabilities

The Group has recognised the following revenue-related contract assets and liabilities:

	June 30, 2021	December 31, 2020	June 30, 2020
Contract liabilities	<u>\$ 569,408</u>	<u>\$ 560,006</u>	<u>\$ 219,748</u>

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

	For the three-month period ended June 30, 2021	For the three-month period ended June 30, 2020
Revenue recognised that was included in the contract liability balance at the beginning of the period		
Contract liabilities	\$ 232,305	\$ 19,708
	For the six-month period ended June 30, 2021	For the six-month period ended June 30, 2020
Revenue recognised that was included in the contract liability balance at the beginning of the period		
Contract liabilities	\$ 451,108	\$ 64,087
(22) <u>Interest income</u>		
	For the three-month period ended June 30, 2021	For the three-month period ended June 30, 2020
Interest income from bank deposits	\$ 5,756	\$ 7,208
	For the six-month period ended June 30, 2021	For the six-month period ended June 30, 2020
Interest income from bank deposits	\$ 11,609	\$ 13,351
(23) <u>Other income</u>		
	For the three-month period ended June 30, 2021	For the three-month period ended June 30, 2020
Rent income	\$ 2,985	\$ 2,847
Other	3,874	18,789
	\$ 6,859	\$ 21,636
	For the six-month period ended June 30, 2021	For the six-month period ended June 30, 2020
Rent income	\$ 6,122	\$ 4,500
Other	8,299	19,732
	\$ 14,421	\$ 24,232

(24) Other gains and losses

	For the three-month period ended June 30, 2021	For the three-month period ended June 30, 2020
Gains(losses) on disposals of property, plant and equipment	\$ 86	(\$ 25)
Gains on disposals of investments	1,930	\$ 1,172
Foreign exchange losses	(5,573)	(14,604)
Gain (losses) on financial assets (liabilities) at fair value through profit or loss	3,531	(8,484)
Impairment loss from non-financial assets	(325)	(640)
Other gains and losses	(693)	(1,651)
	<u>(\$ 1,044)</u>	<u>(\$ 24,232)</u>
	For the six-month period ended June 30, 2021	For the six-month period ended June 30, 2020
Losses on disposal of property, plant and equipment	(\$ 440)	(\$ 94)
Gains on disposal of investments	3,330	1,858
Foreign exchange losses	(6,803)	(9,714)
Gain on financial assets (liabilities) at fair value through profit	813	2,562
Impairment loss from non-financial assets	(653)	(640)
Other gains and losses	(1,532)	(2,072)
	<u>(\$ 5,285)</u>	<u>(\$ 8,100)</u>

(25) Finance costs

	For the three-month period ended June 30, 2021	For the three-month period ended June 30, 2020
Interest expense :		
Bank loan	\$ 3,885	\$ 4,208
Lease liabilities	52	245
	<u>\$ 3,937</u>	<u>\$ 4,453</u>

	For the six-month period ended June 30, 2021	For the six-month period ended June 30, 2020
Interest expense :		
Bank loan	\$ 7,629	\$ 11,097
Lease liabilities	115	566
	<u>\$ 7,744</u>	<u>\$ 11,663</u>

(26) Expenses by nature

	For the three-month period ended June 30, 2021	For the three-month period ended June 30, 2020
Employee benefit expenses	\$ 231,870	\$ 146,263
Depreciation	18,678	24,427
Amortisation	1,214	1,475

	For the six-month period ended June 30, 2021	For the six-month period ended June 30, 2020
Employee benefit expenses	\$ 428,107	\$ 298,005
Depreciation	40,996	48,642
Amortisation	2,535	3,095

(27) Employee benefit expenses

	For the three-month period ended June 30, 2021	For the three-month period ended June 30, 2020
Wages and salaries	\$ 210,555	\$ 134,335
Labour and health insurance fees	11,799	6,169
Pension costs	3,570	3,336
Other personnel expenses	5,946	2,423
	<u>\$ 231,870</u>	<u>\$ 146,263</u>

	For the six-month period ended June 30, 2021	For the six-month period ended June 30, 2020
Wages and salaries	\$ 385,549	\$ 269,766
Labour and health insurance fees	23,273	14,347
Pension costs	7,031	6,672
Other personnel expenses	12,254	7,220
	<u>\$ 428,107</u>	<u>\$ 298,005</u>

A. The current year's earnings, if any, shall be distributed a ratio of 1%~9% as employees' compensation in the form of shares or in cash as resolved by the Board of Directors. Qualification requirements of employees include the employees of subsidiaries of the company meeting certain specific requirements. The Company shall distribute directors' remuneration no more than 2.25% of the total distributable amount as resolved by the Board of Directors. The appropriation of employees' compensation and directors' remuneration shall be submitted to the shareholders' meeting.

If the Company has accumulated deficit, earnings should be reserved to cover losses and then be appropriated as employees' compensation and directors' remuneration based on the abovementioned ratios.

B. For the three-month and six-month periods ended June 30, 2021 and 2020, employees' compensation was accrued at \$2,050, \$1,077, \$3,859 and \$2,009, respectively; while directors' remuneration was accrued at \$4,613, \$594, \$8,682 and \$2,692, respectively. The aforementioned amounts were recognised in salary expenses.

The employees' compensation and directors' remuneration were estimated and accrued based on 1% and 2.24% of distributable profit of current year as of the end of reporting period.

Employees' compensation and directors' remuneration of 2021 as resolved by the Board of Directors in the amounts of \$5,341 and \$12,018, respectively, were in agreement with those amounts recognised in the 2020 financial statements.

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

(28) Income tax

A. Income tax expense

(a) Components of income tax expense:

	For the three-month period ended June 30, 2021	For the three-month period ended June 30, 2020
Current tax:		
Current tax on profits for the period	\$ 48,443	\$ 28,106
Prior period income tax overestimation	-	(7,984)
Total current tax	<u>48,443</u>	<u>20,122</u>
Deferred tax:		
Origination and reversal of temporary differences	(6,965)	14,406
Income tax expense	<u>\$ 41,478</u>	<u>\$ 34,528</u>

	For the six-month period ended June 30, 2021	For the six-month period ended June 30, 2020
Current tax:		
Current tax on profits for the period	\$ 88,944	\$ 36,019
Prior period income tax overestimation	(3,318)	(7,984)
Total current tax	<u>85,626</u>	<u>28,035</u>
Deferred tax:		
Origination and reversal of temporary differences	(2,143)	14,909
Income tax expense	<u>\$ 83,483</u>	<u>\$ 42,944</u>

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

	For the three-month period ended June 30, 2021	For the three-month period ended June 30, 2020
Currency translation differences	<u>\$ 6,501</u>	<u>(\$ 6,958)</u>
	For the six-month period ended June 30, 2021	For the six-month period ended June 30, 2020
Currency translation differences	<u>\$ 4,500</u>	<u>(\$ 9,234)</u>

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

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(29) Earnings per share

	For the three-month period ended June 30, 2021		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 186,499</u>	149,206	<u>\$ 1.25</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	<u>-</u>	<u>68</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 186,499</u>	<u>149,274</u>	<u>\$ 1.25</u>
	For the six-month period ended June 30, 2021		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 337,303</u>	149,206	<u>\$ 2.26</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	<u>-</u>	<u>105</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 337,303</u>	<u>149,311</u>	<u>\$ 2.26</u>

	For the three-month period ended June 30, 2020		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 85,061	149,206	\$ 0.57
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	38	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 85,061	149,244	\$ 0.57

	For the six-month period ended June 30, 2020		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 168,739	149,206	\$ 1.13
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	122	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 168,739	149,328	\$ 1.13

(30) Supplemental cash flow information

A. Investing activities with partial cash payments

	For the six-month period ended June 30, 2021	For the six-month period ended June 30, 2020
Purchase of property, plant and equipment	\$ 20,032	\$ 10,743
Add: Opening balance of payable on equipment	504	1,100
Less: Ending balance of payable on equipment	(138)	(489)
Cash paid during the period	<u>\$ 20,398</u>	<u>\$ 11,354</u>

(31) Changes in liabilities from financing activities

	Short-term borrowings	Long-term borrowings (Note 1)	Guarantee deposits received	Lease liabilities (Note 2)	Total
January 1, 2021	\$ 570,600	\$ 732,000	\$ 2,065	\$ 14,902	\$ 1,319,567
Changes in cash flow from financing activities	188,961	(20,000)	60	(8,816)	160,205
Interest expense	-	-	-	115	115
Interest paid	-	-	-	(115)	(115)
Impact of changes in foreign exchange rate	-	-	-	21	21
Changes in other non-cash items	-	-	-	7,567	7,567
June 30, 2021	<u>\$ 759,561</u>	<u>\$ 712,000</u>	<u>\$ 2,125</u>	<u>\$ 13,674</u>	<u>\$ 1,487,360</u>

	Short-term borrowings	Long-term borrowings	Guarantee deposits received	Lease liabilities	Total
January 1, 2020	\$ 947,960	\$ 850,000	\$ 1,818	\$ 33,981	\$ 1,833,759
Changes in cash flow from financing activities	(353,901)	(50,000)	162	(13,644)	(417,383)
Interest expense	-	-	-	566	566
Interest paid	-	-	-	(566)	(566)
Impact of changes in foreign exchange rate	-	-	-	(942)	(942)
Changes in other non-cash items	-	-	-	5,873	5,873
June 30, 2020	<u>\$ 594,059</u>	<u>\$ 800,000</u>	<u>\$ 1,980</u>	<u>\$ 25,268</u>	<u>\$ 1,421,307</u>

Note 1: Including long-term borrowings - current portion.

Note 2: Including lease liability - current portion.

7. RELATER PARTY TRANSACTIONS

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Alpha-Cure Asia Co.,Ltd.	Associate
Gallant Precision Machining Co., Ltd.	Associate
Gallant Micro. Machining Co., Ltd.	Associate
Viewmove Technologies, Inc.	Associate

(2) Significant related party transactions

A. Purchases:

	<u>For the three-month period ended June 30, 2021</u>	<u>For the three-month period ended June 30, 2020</u>
Purchases of goods:		
Associates	\$ <u>2,632</u>	\$ <u>3,189</u>
	<u>For the six-month period ended June 30, 2021</u>	<u>For the six-month period ended June 30, 2020</u>
Purchases of goods:		
Associates	\$ <u>4,657</u>	\$ <u>6,667</u>

Goods are purchased based on the price lists in force and terms that would be available to third parties.

B. Payables to related parties:

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Accounts payable:			
Associates	\$ <u>4,805</u>	\$ <u>11,447</u>	\$ <u>3,557</u>

The payables to related parties arise mainly from purchase transactions. The payables bear no interest.

C. Loans to /from related parties:

Loans to related parties:

Outstanding balance:

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Associates	\$ <u>-</u>	\$ <u>-</u>	\$ <u>7,334</u>

The loans to associates are repayable monthly over 1 year and carry annual interest at 6%.

(3) Key management compensation

	For the three-month period ended June 30, 2021	For the three-month period ended June 30, 2020
Salaries and other short-term employee benefits	\$ 10,515	\$ 749
Post-employment benefits	95	81
Total	<u>\$ 10,610</u>	<u>\$ 830</u>

	For the six-month period ended June 30, 2021	For the six-month period ended June 30, 2020
Salaries and other short-term employee benefits	\$ 20,286	\$ 13,942
Post-employment benefits	190	181
Total	<u>\$ 20,476</u>	<u>\$ 14,123</u>

8. PLEDGED ASSETS

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

Pledged asset	Book value			Purpose
	June 30, 2021	December 31, 2020	June 30, 2020	
Bank deposit (shown as other current assets)	\$ 935	\$ 946	\$ 907	Performance bond and customs duty guarantee
Property, plant and equipment	<u>374,819</u>	<u>377,353</u>	<u>315,514</u>	Short-term borrowings and Long-term borrowings
	<u>\$ 375,754</u>	<u>\$ 378,299</u>	<u>\$ 316,421</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT
COMMITMENTS

(1) Contingencies

Other than those described in the other notes to the consolidated financial statements, the Group's significant commitments and contingencies as of the balance sheet date are as follows:

Promissory notes issued for performance guarantees of sales as of June 30, 2021, December 31, 2020 and June 30, 2020 were \$26,521, \$25,578 and \$17,546, respectively.

(2) Commitments

None.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

The appropriation of 2020 earnings had been resolved at the stockholders' meeting on July 8, 2021. Please refer to Note 6(19) for more details.

12. OTHERS

(1) Capital management

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

During the six-month periods ended June 30, 2021, the Group's strategy was to maintain the gearing ratio within reasonable risk level. The gearing ratios at June 30, 2021, December 31, 2020 and June 30, 2020 were as follows:

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Total borrowings	\$ 1,471,561	\$ 1,302,600	\$ 1,394,059
Less: Cash and cash equivalents	(1,587,863)	(1,621,979)	(1,346,256)
Net debt	(116,302)	(319,379)	47,803
Total equity	<u>3,092,531</u>	<u>2,682,492</u>	<u>2,291,481</u>
Total capital	<u>\$ 2,976,229</u>	<u>\$ 2,363,113</u>	<u>\$ 2,339,284</u>
Gearing ratio	<u>-</u>	<u>-</u>	<u>2.04%</u>

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(2) Financial instruments

A. Financial instruments by category

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
<u>Financial assets</u>			
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	\$ 83,890	\$ 126,366	\$ 82,402
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	\$ 217,239	\$ 116,193	\$ 214,444
Financial assets at amortised cost			
Cash and cash equivalents	\$ 1,587,863	\$ 1,621,979	\$ 1,346,256
Financial assets at amortised cost	263,071	-	-
Notes receivable	45,640	35,213	45,080
Accounts receivable	1,896,608	1,944,329	1,878,375
Other receivables	19,198	11,505	5,617
Guarantee deposits paid	11,517	4,431	6,550
Other financial assets	935	946	907
	<u>\$ 3,824,832</u>	<u>\$ 3,618,403</u>	<u>\$ 3,282,785</u>
	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
<u>Financial liabilities</u>			
Financial liabilities at fair value through profit or loss			
Financial liabilities held for trading	\$ 1,135	\$ 166	\$ 5,870
Financial liabilities at amortised cost			
Short-term borrowings	\$ 759,561	\$ 570,600	\$ 594,059
Notes payable	47,362	67,232	46,836
Accounts payable (including related party)	1,199,877	1,086,205	854,612
Other accounts payable	664,400	615,136	890,893
Long-term borrowings (including current portion)	712,000	732,000	800,000
Guarantee deposits received	2,125	2,065	1,980
	<u>\$ 3,385,325</u>	<u>\$ 3,073,238</u>	<u>\$ 3,188,380</u>
Lease liability	<u>\$ 13,674</u>	<u>\$ 14,902</u>	<u>\$ 25,268</u>

B. Financial risk management policies

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. To minimise any adverse effects on the financial performance of the Group, derivative financial instruments, such as foreign exchange forward contracts and foreign currency option contracts are used to hedge certain exchange rate risk, and interest rate swaps are used to fix variable future cash flows. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.
- (b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

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

June 30, 2021			
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 41,359	27.81	\$ 1,150,194
JPY:NTD	65,658	0.250	16,415
RMB:NTD	56,794	4.284	243,305
USD:RMB	2,704	6.460	17,468
<u>Non-monetary items</u>			
USD:NTD	\$ 2,252	27.81	\$ 62,626
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 23,878	27.91	\$ 666,435
JPY:NTD	22,206	0.2541	5,643
<u>Non-monetary items: None</u>			

December 31, 2020			
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 35,037	28.43	\$ 996,102
JPY:NTD	64,628	0.274	17,708
RMB:NTD	38,177	4.352	166,146
USD:RMB	3,058	6.525	19,953
<u>Non-monetary items</u>			
USD:NTD	\$ 2,532	28.43	\$ 71,981
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 21,187	28.53	\$ 604,465
JPY:NTD	7,937	0.278	2,206
<u>Non-monetary items: None</u>			

	June 30, 2020		
	Foreign currency amount		Book value
	(In thousands)	Exchange rate	(NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 40,566	29.580	\$ 1,199,942
JPY:NTD	218,628	0.273	59,685
RMB:NTD	15,506	4.166	64,598
USD:RMB	1,984	7.080	14,047
<u>Non-monetary items</u>			
USD:NTD	\$ 1,997	29.580	\$ 59,082
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 16,994	29.680	\$ 504,382
JPY:NTD	57,726	0.2771	15,996
<u>Non-monetary items: None</u>			

- ii. Total exchange (loss) gain including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Group for the three-month and six-month periods ended June 30, 2021 and 2020 amounted to (\$5,573), (\$14,604), (\$6,803) and (\$9,714), respectively.

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

		For the six-month period ended June 30, 2021		
		Sensitivity analysis		
		Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	11,502	\$ -
JPY:NTD	1%		164	-
RMB:NTD	1%		2,433	-
USD:RMB	1%		175	-
<u>Non-monetary items</u>				
USD:NTD	1%	\$	-	\$ 626
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	(\$	6,664)	\$ -
JPY:NTD	1%	(56)	-
		For the six-month period ended June 30, 2020		
		Sensitivity analysis		
		Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	11,999	\$ -
JPY:NTD	1%		597	-
RMB:NTD	1%		646	-
USD:RMB	1%		140	-
<u>Non-monetary items</u>				
USD:NTD	1%	\$	-	\$ 591
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	(\$	5,044)	\$ -
JPY:NTD	1%	(160)	-

Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held 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 equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- ii. The Group's investments in equity securities comprise shares and open-end funds issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the six-month periods ended June 30, 2021 and 2020 would have increased/decreased by \$840 and \$824, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$2,172 and \$2,144, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value Interest rate risk

The Group's main interest rate risk arises from short-term and certain long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. During the six-month periods ended June 30, 2021 and 2020, the Group's borrowings at variable rate were denominated in New Taiwan dollars, if the market interest rate had increased by 0.25%, the Company's cash outflow would have increased by \$765 and \$750, respectively.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and financial assets at amortised cost.
- ii. The Group manages their credit risk taking into consideration the entire group's concern. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

- iii. The Group measured actual transaction status. If the contract payments were past based on the term, the default has occurred.
- iv. The Group adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- v. The Group classifies customer's accounts receivable in accordance with credit rating of customer. The Group applies the modified approach using a provision matrix based on the loss rate methodology to estimate expected credit loss under the provision matrix basis.
- vi. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable. As of June 30, 2021, December 31, 2020 and June 30, 2020, respectively, the provision matrix is as follows:

	Up to 60 days past due	61~120 days past due	121 to 180 days past due	Up to 181 days	Total
<u>At June 30, 2021</u>					
Expected loss rate	5% or less	20%~60%	70%~90%	90%~100%	
Total book value	\$ 2,048,633	\$ 34,645	\$ 6,022	\$ 80,243	\$ 2,169,543
Loss allowance	(\$ 179,068)	(\$ 8,024)	(\$ 5,892)	(\$ 79,951)	(\$ 272,935)
<u>At Decmeber 31, 2020</u>					
Expected loss rate	5% or less	20%~90%	70%~90%	90%~100%	
Total book value	\$ 2,065,346	\$ 62,647	\$ 2,208	\$ 40,011	\$ 2,170,212
Loss allowance	(\$ 132,597)	(\$ 53,507)	(\$ 1,235)	(\$ 38,544)	(\$ 225,883)
<u>At June 30, 2020</u>					
Expected loss rate	5% or less	40%~80%	60%~90%	90%~100%	
Total book value	\$ 1,964,515	\$ 43,504	\$ 23,230	\$ 91,670	\$ 2,122,919
Loss allowance	(\$ 99,756)	(\$ 32,675)	(\$ 20,597)	(\$ 91,516)	(\$ 244,544)

vii. Movements in relation to the Group applying the modified approach to provide loss allowance for accounts receivable, notes receivable and overdue receivable are as follows:

	2021		
	Accounts receivable	Notes receivable	Overdue receivables
At January 1	\$ 224,649	\$ 23	\$ 69,321
Provision for impairment	48,835	17	7,774
Reversal of impairment loss	(1,136)	-	(1,908)
Write-offs	(202)	-	-
Effect of foreign exchange	789	-	(752)
At June 30	<u>\$ 272,935</u>	<u>\$ 40</u>	<u>\$ 74,435</u>

	2020		
	Accounts receivable	Notes receivable	Overdue receivables
At January 1	\$ 127,579	\$ 111	\$ 142,195
Provision for impairment	180,781	-	-
Reversal of impairment loss	-	(62)	(72,657)
Write-offs	(59,671)	-	69
Effect of foreign exchange	(4,145)	-	(1,579)
At June 30	<u>\$ 244,544</u>	<u>\$ 49</u>	<u>\$ 68,028</u>

viii. For financial assets at amortised cost, the credit rating levels are presented below:

	June 30, 2021			
	12 months	Lifetime		Total
		Significant increase in credit risk	Impairment of credit	
Financial assets at amortised cost	<u>\$ 263,071</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 263,071</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities.
- ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus

cash in interest bearing current accounts, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.

iii. The Group has the following undrawn borrowing facilities:

	June 30, 2021	December 31, 2020	June 30, 2020
Fixed rate:			
Expiring within one year	\$ 1,771,838	\$ 1,531,119	\$ 1,425,018
Expiring beyond one year	33,000	413,000	250,000
	<u>\$ 1,804,838</u>	<u>\$ 1,944,119</u>	<u>\$ 1,675,018</u>

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

June 30, 2021	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	Over 5 years
<u>Non-derivative financial liabilities</u>				
Short-term borrowings	\$ 759,561	\$ -	\$ -	\$ -
Notes payable	47,362	-	-	-
Accounts payable (including related party)	1,199,877	-	-	-
Other payables	664,400	-	-	-
Lease liability	7,462	8,286	-	-
Long-term borrowings (including current portion)	100,058	-	625,925	-
Guarantee deposits received	85	1,509	518	13
	<u>\$2,778,805</u>	<u>\$ 9,795</u>	<u>\$ 626,443</u>	<u>\$ 13</u>
December 31, 2020	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	Over 5 years
<u>Non-derivative financial liabilities</u>				
Short-term borrowings	\$ 570,600	\$ -	\$ -	\$ -
Notes payable	67,232	-	-	-
Accounts payable (including related party)	1,086,205	-	-	-
Other payables	615,136	-	-	-
Lease liability	10,025	3,225	-	-
Long-term borrowings (including current portion)	300,859	-	443,525	-
Guarantee deposits received	218	1,309	525	13
	<u>\$2,650,275</u>	<u>\$ 4,534</u>	<u>\$ 444,050</u>	<u>\$ 13</u>

June 30, 2020	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	Over 5 years
<u>Non-derivative financial liabilities</u>				
Short-term borrowings	\$ 594,059	\$ -	\$ -	\$ -
Notes payable	46,836	-	-	-
Accounts payable (including related party)	854,612	-	-	-
Other payables	890,893	-	-	-
Lease liability	21,250	4,604	-	-
Long-term borrowings (including current portion)	201,873	304,988	314,350	-
Guarantee deposits received	1,465	502	-	13
	<u>\$2,610,988</u>	<u>\$ 310,094</u>	<u>\$ 314,350</u>	<u>\$ 13</u>

(3) Fair value information

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

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

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

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

B. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at June 30, 2021, December 31, 2020 and June 30, 2020 is as follows:

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

<u>June 30, 2021</u>	<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				
Equity securities	\$ 83,980	\$ -	\$ -	\$ 83,980
Financial assets at fair value through other comprehensive income				
Equity securities	<u>109,506</u>	<u>-</u>	<u>107,733</u>	<u>217,239</u>
Total	<u>\$ 193,486</u>	<u>\$ -</u>	<u>\$ 107,733</u>	<u>\$ 301,219</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Derivative instruments	<u>\$ -</u>	<u>(\$ 1,135)</u>	<u>\$ -</u>	<u>(\$ 1,135)</u>
<u>December 31, 2020</u>	<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				
Equity securities	\$ 125,661	\$ -	\$ -	\$ 125,661
Derivative instruments	-	705	-	705
Financial assets at fair value through other comprehensive income				
Equity securities	<u>1,555</u>	<u>-</u>	<u>114,638</u>	<u>116,193</u>
Total	<u>\$ 127,216</u>	<u>\$ 705</u>	<u>\$ 114,638</u>	<u>\$ 242,559</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Derivative instruments	<u>\$ -</u>	<u>(\$ 166)</u>	<u>\$ -</u>	<u>(\$ 166)</u>

<u>June 30, 2020</u>	<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				
Equity securities	\$ 82,402	\$ -	\$ -	\$ 82,402
Financial assets at fair value through other comprehensive income				
Equity securities	<u>94,953</u>	<u>-</u>	<u>119,491</u>	<u>214,444</u>
	<u>\$ 177,355</u>	<u>\$ -</u>	<u>\$ 119,491</u>	<u>\$ 296,846</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Derivative instruments	<u>\$ -</u>	<u>(\$ 5,870)</u>	<u>\$ -</u>	<u>(\$ 5,870)</u>

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

- i. The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	<u>Listed shares</u>	<u>Open-end fund</u>
Market quoted price	Closing price	Net asset value
- ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date.
- iii. When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.
- iv. The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate.
- v. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments.

Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

- vi. 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.
- C. For the six-month periods ended June 30, 2021 and 2020, there was no transfer between Level 1 and Level 2.
- D. The following chart is the movement of Level 3 for the six-month periods ended June 30, 2021 and 2020:

	2021	2020
At January 1	\$ 114,638	\$ 129,259
Gain or loss recognized in other comprehensive income	20,484 (10,029)
Acquired in the period	11,172	728
Sold in the period	- (467)
Transfer to investment accounted for under equity method	(38,561)	-
At June 30	<u>\$ 107,733</u>	<u>\$ 119,491</u>

- E. For the six-month periods ended June 30, 2021 and 2020, there was no transfer into or out from Level 3.
- F. Accounting Department segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.
- G. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at June 30, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity					
Unlisted shares	\$ 87,387	Market comparable companies	Price to book ratio multiple	2.14~244	The higher the multiple and control premium, the higher the fair value
Venture capital shares	20,346	Net asset value	Not applicable	Not applicable	Not applicable
Private equity fund					
	Fair value at December 31, 2020	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 95,771	Market comparable companies	Price to book ratio multiple	1.99~17.3	The higher the multiple and control premium, the higher the fair value
Venture capital shares	18,867	Net asset value	Not applicable	Not applicable	Not applicable
Private equity fund investment					

	Fair value at June 30, 2020	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non- derivative equity Unlisted shares	\$ 83,411	Market comparable companies	Price to book ratio multiple	2.20~162.5	The higher the multiple and control premium, the higher the fair value
Venture capital shares Private equity fund investment	36,080	Net asset value	Not applicable	Not applicable	Not applicable

H. 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 and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

				June 30, 2021			
				Recognised in profit or loss		Recognised in other comprehensive income	
				Favourable	Unfavourable	Favourable	Unfavourable
				change	change	change	change
Input	Change						
Financial assets							
Equity instrument	Price to earnings ratio	± 10%	\$ -	\$ -	\$ 10,773	(\$ 10,773)	
				December 31, 2020			
				Recognised in profit or loss		Recognised in other comprehensive income	
				Favourable	Unfavourable	Favourable	Unfavourable
				change	change	change	change
Input	Change						
Financial assets							
Equity instrument	Price to earnings ratio	± 10%	\$ -	\$ -	\$ 11,464	(\$ 11,464)	

				June 30, 2020			
				Recognised in profit or loss		Recognised in other comprehensive income	
		Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets							
Equity instrument	Price to earnings ratio		± 10%	\$ -	\$ -	\$ 11,949	(\$ 11,949)

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 4.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None.
- I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Notes 6(2) and 6(12).
- J. Significant inter-company transactions during the reporting periods: Please refer to table 5.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : Please refer to table 6.

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 7.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 8.

(4) Major shareholders information

Please refer to table 9.

14. SEGMENT INFORMATION

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions.

(2) Segment information

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

<u>For the six-month period ended June 30, 2021</u>	C SUN MFG. LTD.	Csun Technology (Guangzhou) Co., Ltd.	Suzhou Top Creation Machines Co., Ltd.	Other	Elimination	Total
Revenue from external customers	\$ 1,585,284	\$ 489,523	\$ 603,778	\$ 236,142	\$ -	\$ 2,914,727
Inter-segment revenue	\$ 229,294	\$ 167,741	\$ 198,960	\$ 13,896	(\$ 609,891)	\$ -
Segment income (loss)	\$ 374,333	\$ 71,957	\$ 177,969	(\$ 150,739)	(\$ 21,297)	\$ 452,223
Total segment assets	\$ 6,149,188	\$ 1,311,653	\$ 1,669,938	\$ 888,210	(\$ 2,494,395)	\$ 7,524,594

<u>For the six-month period ended June 30, 2020</u>	C SUN MFG. LTD.	Csun Technology (Guangzhou) Co., Ltd.	Suzhou Top Creation Machines Co., Ltd.	Other	Elimination	Total
Revenue from external customers	\$ 1,013,325	\$ 207,473	\$ 381,980	\$ 70,245	\$ -	\$ 1,673,023
Inter-segment revenue	\$ 125,304	\$ 77,673	\$ 16,598	\$ 870	(\$ 220,445)	\$ -
Segment income (loss)	\$ 192,887	\$ 4,861	\$ 81,606	(\$ 46,075)	(\$ 7,045)	\$ 226,234
Total segment assets	\$ 5,341,561	\$ 1,463,896	\$ 1,033,545	\$ 515,527	(\$ 2,219,543)	\$ 6,134,986

(3) Reconciliation for segment income (loss)

Sales between segments are carried out at arm's length. The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income.

A reconciliation of reportable segment income or loss to the income/(loss) before tax from continuing operations for the six-month periods ended June 30, 2021 and 2020 is provided as follows:

	For the six-month period ended June 30, 2021	For the six-month period ended June 30, 2020
Reportable segments income	\$ 473,520	\$ 233,279
Other segments loss	(21,297)	(7,045)
Income before tax from continuing operations	<u>\$ 452,223</u>	<u>\$ 226,234</u>

C SUN MFG. LTD. and subsidiaries
Loans to other
For the six-month period ended June 30, 2021

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the six-month period ended June 30, 2021	Balance at June 30, 2021	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Note
													Item	Value			
0	Top Creation Machines Co., Ltd.	Power Ever Enterprises Limited	Other receivables	Yes	\$ 1,000	\$ 1,000	\$ 1,000	1.25%	short-term financing	\$ -	Operational need	\$ -	-	\$ -	\$ 546	\$ 1,093	Note 1, Note 2

Note 1: As prescribed in the subsidiary, Top Creation Machines Co., Ltd.'s "Procedures for Provision of Loans":

- i. Ceiling on total loans granted: The total amount shall not exceed 40% of the net assets value of the Company and the limit amount for a single party shall not exceed 20% of the net equity.
- ii. For business relationship, the limit amount for a single party shall not exceed 40% of the net assets value of the Company.
- iii. For short-term financing, limit on loans granted for a single party shall not exceed 40% of the net assets value of the Company.

Note 2: For the amount of endorsements and guarantees exceeded the limit specified in the Company's "Procedures for Provision of Loans", management of the Company has prepared an improvement plan and is taking steps based on the improvement plan.

C SUN MFG. LTD. and subsidiaries
Provision of endorsements and guarantees to others
For the six-month period ended June 30, 2021

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number	Endorser/ guarantor	Party being endorsed/guaranteed Company name	Relationship with the endorser/ guarantor	Limit on endorsements/ guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount as of June 30, 2021	Outstanding endorsement/ guarantee amount at June 30, 2021	Actual amount drawn down	Amount of endorsements/ guarantees secured with	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor	Ceiling on total amount of endorsements/ guarantees provided (Note 1)	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
0	C SUN MFG. LTD.	Csun Technology (Guangzhou) Co., Ltd.	Note 2	\$ 578,883	\$ 83,580	\$ 83,580	\$ -	\$ -	2.89	\$ 1,447,209	Y	N	Y	
0	C SUN MFG. LTD.	Suzhou Top Creation Machines Co., Ltd.	Note 2	578,883	83,580	83,580	-	-	2.89	1,447,209	Y	N	Y	

Note 1: Ceiling on total amount of endorsements/guarantees is 50% of the Company's net asset value; limit on endorsement/guarantee to a single party is 20% of the Company's net assets value.

Note 2: The Endorser/guarantor parent company and its subsidiaries jointly own more than 50% voting shares of the endorsed/ guaranteed company.

C SUN MFG. LTD. and subsidiaries

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

June 30, 2021

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of June 30, 2021			
				Number of shares	Book value	Ownership (%)	Fair value
C SUN MFG. LTD.	Mufg Fund Services (Singapore) Pte. Ltd.	None	Financial assets at fair value through profit or loss - current	16,754	\$ 56,187	-	\$ 56,187
"	Group Up Industrial Co., Ltd.	"	Financial assets measured at fair value through other comprehensive income - current	264,000	18,929	0.48	18,929
"	Ampoc Far-East Co., Ltd.	"	"	2,296,000	90,577	2.00	90,577
"	Advance Materials Corporation	"	Financial assets measured at fair value through other comprehensive income - non-current	1,423,770	10,749	1.21	10,749
"	Emax Tech Co., Ltd.	Director	"	3,652,554	52,195	14.02	52,195
"	Hua Da Venture Capital Corporation	"	"	492,000	4,025	6.00	4,025
"	Luminescence Technology Corp.	None	"	454,000	8,127	1.80	8,127
"	Yankey Engineering Co., Ltd.	"	"	10,000	2,440	0.02	2,440
"	Aibdt Technology Inc.	"	"	324,951	695	1.79	695
"	Gvt Fund Gp, L.P.	"	"	770,345	14,567	1.51	14,567
C Sun (B.V.I) Ltd.	Gvt Fund Gp, L.P.	"	"	288,065	5,779	0.66	5,779
"	Mufg Fund Services (Singapore) Pte. Ltd.	"	Financial assets at fair value through profit or loss - current	8,200	27,793	-	27,793
K Sun (Samoa) Ltd.	Unimax C.P.I. Technology Corp.	"	Financial assets measured at fair value through other comprehensive income - non-current	1,729,728	9,156	17.86	9,156

Table 3

C SUN MFG. LTD. and subsidiaries

Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more

For the six-month period ended June 30, 2021

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction terms compared to third party transactions			Notes/accounts receivable (payable)	
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)
C SUN MFG. LTD.	Csun Technology (Guangzhou) Co., Ltd.	The Company holds indirectly 100% of the investee	Sales	\$ 222,033	7.62%	Similarity to third parties	Similarity to third parties	Similarity to third parties	\$ 95,098	4.36%
C SUN MFG. LTD.	Csun Technology (Guangzhou) Co., Ltd.	The Company holds indirectly 100% of the investee	Purchases	167,080	6.89%	Similarity to third parties	Similarity to third parties	Similarity to third parties	81,128	6.76%
Suzhou Top Creation Machines Co., Ltd.	Power Ever Enterprises Limited	Brother's Company	Sales	198,959	6.83%	Similarity to third parties	Similarity to third parties	Similarity to third parties	27,723	0.37%

Table 4

C SUN MFG. LTD. and subsidiaries
Significant inter-company transactions during the reporting periods
For the six-month period ended June 30, 2021

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

No. (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms (Note 3)	Percentage of consolidated total operating revenues or total assets (Note 4)
0	C SUN MFG. LTD.	Csun Technology (Guangzhou) Co., Ltd.	1	Sales	\$ 222,033	-	7.62
	"	"	1	Service charge	14,392	-	0.49
	"	"	1	Purchases	167,080	-	5.73
	"	"	1	Accounts payable	81,128	-	1.08
	"	"	1	Accounts receivable	95,098	-	1.26
	"	Wat Sun. Intelligent Technology Co., Ltd.	1	Accounts receivable	17,690	-	0.24
1	Csun Technology (Guangzhou) Co., Ltd.	Jiangsu Chuang Gao Xin Materials Technology Co., Ltd.	3	Other accounts payable	15,510	-	0.21
2	Suzhou Top Creation Machines Co., Ltd.	Power Ever Enterprises Limited	3	Sales	198,959	-	8.83
	"	"	3	Accounts receivable	27,723	-	0.37

Note 1: The information of transactions between the Company and the consolidated subsidiaries should be noted in "Number" column.

(1) Number 0 represents the Company

(2) The consolidated subsidiaries are numbered in order from number 1.

Note 2: The transaction relationships with the counterparties are as follows (If transaction of parent company with subsidiaries or transaction in subsidiaries will not expose repeat, for example; If parent company exposed transaction with parent company with subsidiaries, then subsidiaries will not expose that transaction; If one of subsidiary company exposed transaction with other subsidiary company, it will not exposed repeat transaction from other subsidiary company.)

(1) The Company to the consolidated subsidiaries.

(2) The consolidated subsidiaries to the Company

(3) The consolidated subsidiaries to another consolidated subsidiaries.

Note 3: The sales of the parent company with Csun Technology (Guangzhou) Co., Ltd. is for strategic cooperation with the Company, the price set of the transaction is based on the agreement, the terms of other transaction are the same with third parties. Transaction terms for the other transactions cannot be referenced to similar transaction, all is following the agreement.

Note 4: In calculating the ratio, the transaction amount is divided by consolidated total assets for balance sheet accounts and is divided by consolidated total revenues for income statement accounts.

Note 5: The information only discloses transactions more than \$10,000 and counter parties shall not be disclosed .

C SUN MFG. LTD. and subsidiaries
Information on investees
For the six-month period ended June 30, 2021

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at June 30, 2021			Net profit (loss) of the investee for the six-month period ended June 30, 2021	Investment income(loss) recognised by the Company for the six-month period ended June 30, 2021	Footnote
				Balance as at June 30, 2021	Balance as at December 31, 2020	Number of shares	Ownership (%)	Book value			
C SUN MFG. LTD.	C Sun (B.V.I) Ltd.	British Virgin Islands	Investment	\$ 323,009	\$ 330,197	-	100.00	\$ 1,917,546	\$ 165,060	\$ 162,717	
"	K Sun (Samoa) Ltd.	Samoa	Investment	64,412	65,846	-	100.00	16,709	(38)	(38)	
"	Wat Sun. Intelligent Technology Co., Ltd.	Taiwan	Mechanical Equipment Manufacturing	700,000	700,000	70,000,000	100.00	47,869	2,639	2,639	
"	Abcon Technology Inc.	Taiwan	Wholesale and manufacture of machinery equipment	20,000	20,000	-	-	6,185	(30)	(20)	
"	Gallant Precision Machining Co., Ltd. (Note 2)	Taiwan	Wholesale and manufacture of machinery equipment	819,262	723,954	42,485,827	25.73	901,639	170,144	41,966	
"	Gallant Micro. Machining Co., Ltd. (Note 3)	Taiwan	Wholesale and manufacture of machinery equipment	83,264	83,264	1,812,000	6.90	92,831	84,263	5,814	
"	Viewmove Technologies, Inc. (Note 4)	Taiwan	Wholesale and manufacture of machinery equipment	27,389	-	676,504	20.70	38,327	590	(303)	
C Sun (B.V.I) Ltd.	Alpha Joint Ltd.	Samoa	Investment	16,159	16,518	580,000	100.00	75,508	2,571	2,571	
"	Power Ever Enterprises Limited	Samoa	Investment	164,653	168,317	-	77.47	693,899	139,601	108,155	
Power Ever Enterprises Limited	Good Team International Enterprises Limited	Hong Kong	Investment	167,160	170,880	6,000,000	100.00	874,379	148,148	148,148	
Suzhou Top Creation Machines Co., Ltd.	Top Creation Machines Co., Ltd.	Taiwan	Installation and wholesale of machinery, retail of electric equipment and wholesale of electronic materials	7,500	7,500	750,000	100.00	2,734	(363)	(363)	

Note 1: Original investment amount has translated to New Taiwan Dollars at the closing exchange rate.

Note 2: The shares of Gallant Precision Machining Co., Ltd. held by the Company were transferred from financial assets measured at fair value through other comprehensive income to investments accounted for using equity method as the Company cumulatively increased its shareholdings in Gallant Precision Machining Co., Ltd. on March 30, 2020, and the Company obtained the significant influence over it.

Note 3: The shares of Gallant Micro. Machining Co., Ltd. held by the Company were transferred from financial assets measured at fair value through other comprehensive income to investments accounted for using equity method as the Company's comprehensive shareholding ratio was 20.1% on October 31, 2020.

Note 4: The shares of Viewmove Technologies, Inc. held by the Company were transferred from financial assets measured at fair value through other comprehensive income to investments accounted for using equity method as the Company's comprehensive shareholding ratio was 20.7% on February 1, 2021, and the Company obtained the significant influence over it.

C SUN MFG. LTD. and subsidiaries
Information on investments in Mainland China
For the six-month period ended June 30, 2021

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2021	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the six-month period ended June 30, 2021		Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2021	Net profit (loss) of investee for the six-month period ended June 30, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the six-month period ended June 30, 2021 (Note 2(2))	Book value of investments in Mainland China as of June 30, 2021	Accumulated amount of investment income remitted back to Taiwan as of June 30, 2021	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Csun Technology (Guangzhou) Co., Ltd.	Manufacture, assembly, sale and processing various drying equipment, temperature and humidity measuring instrument and exposure equipment.	\$ 535,191	2	\$ 135,621	\$ -	\$ -	\$ 132,669	\$ 50,260	100.00	\$ 50,260	\$ 1,145,454	\$ 455,052	Note 2 (2) (B)
Alpha-Cure Asia Co.,Ltd.	Manufacture and processing UV curing light.	59,035	2	16,518	-	-	16,159	(4,440)	25.00	(1,661)	62,626	-	Note 2 (2) (C)
Suzhou Amc Technology Co., Ltd.	Preparation, design, research and development, manufacture and processing semiconductor such as copper clad laminates, etc, special materials of components and flexible printed circuit board.	501,480	2	6,867	-	-	6,717	-	0.89	-	-	-	-
Northern Juye (Beijing) Information Technology Co., Ltd.	Management of information technique, internet technique, technique service and sale of hardware business.	139,300	2	4,918	-	-	4,811	-	2.82	-	-	-	-
Suzhou Top Creation Machines Co., Ltd.	Design and manufacture of printed circuit board, flat-panel display, semiconductor, special equipment of solar industry and sale of related components.	153,230	2	167,662	-	-	164,012	148,169	77.47	114,787	874,136	45,476	Note 2 (2) (B) · Note 4
Guangzhou Y SUN Machinery Tech. Co., Ltd.	Specialised in management of components of laser cutting machine, precision sheet metal of various metal, laser and punching; zigzag processing machine; cleanroom stainless equipment developed and manufactured with frame; generator, air compressor, machinery and sound- proof shield, design and manufacture of sound-proof of engine room, and installation of generator and components of peripheral equipment.	58,172	3	-	-	-	-	(28)	100.00	(28)	3,976	-	Note 2 (2) (C)
Jiangsu Chuang Gao Xin Materials Technology Co., Ltd.	Research, development and manufacture of high-tech materials, prointellect play and toy balloon, development and application of computer software, manufacture of model and precision machinery.	228,377	3	-	-	-	-	1,026	100.00	1,026	242,310	-	Note 2 (2) (C)
Company name				Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2021		Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)				Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA			
C SUN MFG. LTD.				\$324,368		\$705,133				\$1,736,650			

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

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

Note 2: In the 'Investment income (loss) recognised by the Company for the six-month period ended June 30, 2021' column:

- (1) It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.
- (2) Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:
 - A. The financial statements that are audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.
 - B. The financial statements that are audited and attested by R.O.C. parent company's CPA.
 - C. Others.

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

Note 4: As of June 30, 2021, C Sun (B.V.I.) Ltd. held 77.47% of the equity interest of Power Ever Enterprises Limited and indirectly obtains the equity interest of Power Ever Enterprises Limited, and indirectly obtained the equity interest of Suzhou Top Creation Machines Co., Ltd. through investing in an existing company in the third area, which then invested in Suzhou Top Creation Machines Co., Ltd. in Mainland China.

Table 7

C SUN MFG. LTD. and subsidiaries

Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas

For the six-month period ended June 30, 2021

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Sale		Purchase		Accounts receivable		Accounts payable		Financing				
	Amount	%	Amount	%	Balance at June 30, 2021	%	Balance at June 30, 2021	Purpose	Maximum balance during the six-month period ended June 30, 2021	Balance at June 30, 2021	Interest rate	Interest during the six-month period ended June 30, 2021	Others
Csun Technology (Guangzhou) Co., Ltd.	\$ 222,033	7.62	\$ 167,080	5.73	\$ 95,098	4.36	\$ 81,128	6.76	-	-	-	-	-

C SUN MFG. LTD. and subsidiaries

Information of major shareholders

June 30, 2021

Table 9

Name of major shareholders	Shares	
	Number of shares held	Holding percentage
Hai-Xing Investment Co.,Ltd	13,337,275	8.94%
Pin-Zhi Investment Co.,Ltd	11,030,656	7.39%