

SDI Corporation and Subsidiaries

**Consolidated Financial Statements for the
Six Months Ended June 30, 2021 and 2020
and Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
SDI Corporation

Introduction

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

Scope of Review

Except as explained in basis for qualified conclusion 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". A review of consolidated financial statements consists of making inquiries, primarily to 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 disclosed in Note 4(3) to the consolidated financial statements, the financial statements of certain non-significant subsidiaries included in the consolidated financial statements were not reviewed. As of June 30, 2021 and 2020, assets of those non-reviewed consolidated subsidiaries amounted to \$945,345 thousand and \$1,094,461 thousand (all in NTD unless specified otherwise), representing 8% and 10%, respectively, of total consolidated assets, and the liabilities amounted to \$164,325 thousand and \$223,924 thousand, representing 3% and 5%, respectively, of total consolidated liabilities. Comprehensive income of those consolidated subsidiaries for the three months and six months ended June 30, 2021 and 2020 were \$22,527 thousand, \$35,080 thousand, \$41,711 thousand and \$67,692 thousand, representing 10%, 59%, 10% and 61%, respectively, of the total consolidated comprehensive income.

Qualified Conclusion

Based on our reviews, except for the adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries as described in the aforementioned paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2021 and 2020, and of its consolidated financial performance for the three months and six months then ended and its consolidated cash flows for the six months ended June 30, 2021 and 2020 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Yang, Chen Yu and Lin, Ming Shou.

A handwritten signature in black ink that reads "Crowe TW CPAs".

Crowe (TW) CPAs

Taichung, Taiwan (Republic of China)

August 6, 2021

Notice to Readers

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

For the convenience of readers, the independent auditors' review report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' review report and consolidated financial statements shall prevail.

SDI Corporation and Subsidiaries

CONSOLIDATED BALANCE SHEETS

(In Thousands of New Taiwan Dollars)

ASSETS	NOTES	June 30, 2021 (Reviewed)		December 31, 2020 (Audited)		June 30, 2020 (Reviewed)	
		Amount	%	Amount	%	Amount	%
CURRENT ASSETS							
Cash and cash equivalents	6(1)	\$ 648,603	6	\$ 764,179	7	\$ 976,857	9
Financial assets at fair value through profit or loss - current	6(2)	57,376	-	57,302	1	57,185	1
Notes receivable, net	6(3)	155,749	1	146,242	1	135,792	1
Accounts receivable, net	6(4)	2,108,663	18	1,757,587	17	1,572,236	15
Accounts receivable, net - related parties	7	22,471	-	23,461	-	35,119	-
Other receivables	7	17,084	-	14,117	-	10,504	-
Inventories, net	6(5)	3,632,079	31	2,804,041	27	2,806,757	27
Prepayments	6(6)	87,303	1	92,955	1	66,633	1
Other financial assets - current	6(7)	62,046	1	45,249	-	22,114	-
Other current assets		1,744	-	616	-	752	-
Total current assets		6,793,118	58	5,705,749	54	5,683,949	54
NONCURRENT ASSETS							
Financial assets at fair value through other comprehensive income - noncurrent	6(8)	16,697	-	16,898	-	16,846	-
Property, plant and equipment	6(9)	4,441,214	38	4,416,029	42	4,362,590	42
Right-of-use assets	6(10)	217,815	2	226,979	2	231,420	2
Intangible assets	6(11)	48,150	-	53,494	1	60,829	1
Deferred income tax assets		121,585	1	114,660	1	134,519	1
Other noncurrent assets	6(12)	89,082	1	41,909	-	36,784	-
Total noncurrent assets		4,934,543	42	4,869,969	46	4,842,988	46
TOTAL		\$ 11,727,661	100	\$ 10,575,718	100	\$ 10,526,937	100
LIABILITIES AND EQUITY							
CURRENT LIABILITIES							
Short-term loans	6(13) 、 7	\$ 807,592	7	\$ 788,562	7	\$ 670,817	6
Short-term notes and bills payable	6(14)	9,994	-	9,985	-	9,998	-
Contract liabilities - current	6(25)	137,266	1	78,902	1	74,977	1
Notes payable	6(15)	195,461	2	105,124	1	44,309	-
Accounts payable		1,297,815	11	830,196	8	793,474	8
Accounts payable - related parties	7	2,629	-	-	-	3,871	-
Dividends payable		-	-	-	-	379,162	4
Other payables	6(16)	579,008	5	508,824	5	449,106	4
Other payables - related parties	7	843	-	440	-	1,019	-
Current income tax liabilities		127,495	1	76,429	1	37,456	-
Lease liabilities - current	6(10)	9,770	-	10,214	-	9,807	-
Long term loans - current portion	6(17)	138,804	2	145,920	1	86,730	1
Other current liabilities		11,995	-	12,802	-	8,518	-
Total current liabilities		3,318,672	29	2,567,398	24	2,569,244	24
NONCURRENT LIABILITIES							
Long term loans	6(17)	1,463,291	12	1,424,558	14	1,693,075	17
Deferred income tax liabilities		303,139	3	299,423	3	282,393	3
Lease liabilities - noncurrent	6(10)	93,427	1	98,046	1	102,650	1
Net defined benefit liability-noncurrent	6(19)	132,367	1	137,552	1	138,103	1
Other noncurrent liabilities		38,450	-	37,387	-	37,041	-
Total noncurrent liabilities		2,030,674	17	1,996,966	19	2,253,262	22
Total liabilities		5,349,346	46	4,564,364	43	4,822,506	46
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT							
Common stocks	6(20)	1,821,403	16	1,821,403	17	1,821,403	17
Capital surplus	6(21)	485,570	4	485,403	5	485,403	5
Retained earnings	6(22)						
Legal capital reserve		865,445	7	865,445	8	865,445	8
Special capital reserve		155,570	1	155,570	1	155,570	1
Unappropriated earnings		2,895,852	25	2,486,607	24	2,259,318	22
Others	6(23)	(151,496)	(1)	(134,642)	(1)	(190,393)	(2)
Equity attributable to shareholders of the parent		6,072,344	52	5,679,786	54	5,396,746	51
NON-CONTROLLING INTERESTS	6(24)	305,971	2	331,568	3	307,685	3
Total equity		6,378,315	54	6,011,354	57	5,704,431	54
TOTAL		\$ 11,727,661	100	\$ 10,575,718	100	\$ 10,526,937	100

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

SDI Corporation and Subsidiaries
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	NOTES	For the three Months Ended June 30				For the Six Months Ended June 30			
		2021		2020		2021		2020	
		Amount	%	Amount	%	Amount	%	Amount	%
NET REVENUE	6(25) - 7	\$ 2,764,685	100	\$ 2,048,754	100	\$ 5,216,899	100	\$ 3,988,569	100
COST OF REVENUE	6(4) - 26) - 7	(2,204,072)	(80)	(1,745,635)	(85)	(4,175,011)	(80)	(3,431,210)	(86)
GROSS PROFIT		560,613	20	303,119	15	1,041,888	20	557,359	14
OPERATING EXPENSES	6(26) - 7								
Marketing		(75,241)	(3)	(63,046)	(3)	(151,739)	(3)	(131,704)	(3)
General and administrative		(84,838)	(3)	(59,602)	(3)	(164,395)	(3)	(124,452)	(3)
Research and development		(60,450)	(2)	(49,600)	(2)	(118,360)	(2)	(101,719)	(3)
Expected credit (loss) gain	6(4)	181	-	(29)	-	509	-	(427)	-
Total operating expenses		(220,348)	(8)	(172,277)	(8)	(433,985)	(8)	(358,302)	(9)
OPERATING INCOME		340,265	12	130,842	7	607,903	12	199,057	5
NONOPERATING INCOME AND EXPENSES									
Interest income		280	-	570	-	555	-	832	-
Other income	6(27)	9,934	-	5,282	-	13,244	-	21,366	1
Other gains and losses, net	6(28)	(31,075)	(1)	(14,808)	(1)	(44,393)	(1)	(12,163)	-
Finance costs	6(29)	(14,178)	-	(13,922)	-	(29,438)	-	(28,229)	(1)
Total nonoperating income and expenses		(35,039)	(1)	(22,878)	(1)	(60,032)	(1)	(18,194)	-
INCOME BEFORE INCOME TAX		305,226	11	107,964	6	547,871	11	180,863	5
INCOME TAX EXPENSE	6(30)	(72,721)	(3)	(23,448)	(1)	(123,708)	(3)	(34,259)	(1)
NET INCOME		232,505	8	84,516	5	424,163	8	146,604	4
OTHER COMPREHENSIVE INCOME (LOSS)	6(31)								
Items that will not be reclassified subsequently to profit or loss :									
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income		336	-	518	-	(201)	-	(372)	-
Income tax benefit (expenses) related to items that will not be reclassified subsequently	6(30)	2	-	(134)	-	127	-	45	-
Items that may be reclassified subsequently to profit or loss :									
Exchange differences arising on translation of foreign operations		(11,745)	-	(31,736)	(2)	(20,975)	-	(43,120)	(1)
Income tax benefit (expenses) related to items that may be reclassified subsequently	6(30)	2,349	-	6,347	-	4,195	-	8,624	-
Other comprehensive income (loss), net of income tax		(9,058)	-	(25,005)	(2)	(16,854)	-	(34,823)	(1)
TOTAL COMPREHENSIVE INCOME		\$ 223,447	8	\$ 59,511	3	\$ 407,309	8	\$ 111,781	3
NET INCOME ATTRIBUTABLE TO :									
Shareholders of the parent		\$ 224,214	8	\$ 69,482	4	\$ 409,245	8	\$ 118,062	3
Non-controlling interests		8,291	-	15,034	1	14,918	-	28,542	1
		\$ 232,505	8	\$ 84,516	5	\$ 424,163	8	\$ 146,604	4
TOTAL COMPREHENSIVE INCOME :									
Shareholders of the parent		\$ 215,156	8	\$ 44,477	2	\$ 392,391	8	\$ 83,239	2
Non-controlling interests		8,291	-	15,034	1	14,918	-	28,542	1
		\$ 223,447	8	\$ 59,511	3	\$ 407,309	8	\$ 111,781	3
EARNINGS PER SHARE (IN DOLLARS)	6(32)								
Basic earnings per share		\$ 1.23		\$ 0.38		\$ 2.25		\$ 0.65	
Diluted earnings per share		\$ 1.23		\$ 0.38		\$ 2.25		\$ 0.65	

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

SDI Corporation and Subsidiaries
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

Items	Equity Attributable to Shareholders of the Parent										
	Retained Earnings					Other Equity					
	Common Stocks	Capital Surplus	Legal Capital Reserve	Special Capital Reserve	Unappropriated Earnings	Foreign Currency Translation Reserve	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total Other Equity	Total Attributable to Shareholders of the Parent	Non-controlling Interests	Total Equity
BALANCE, JANUARY 1, 2020	\$ 1,821,403	\$ 485,257	\$ 815,192	\$ 101,183	\$ 2,573,748	\$ (168,987)	\$ 13,417	\$ (155,570)	\$ 5,641,213	\$ 330,453	\$ 5,971,666
Appropriations of prior year's earnings											
Special capital reserve	-	-	-	54,387	(54,387)	-	-	-	-	-	-
Legal capital reserve	-	-	50,253	-	(50,253)	-	-	-	-	-	-
Cash dividends to shareholders - NT\$1.8 per share	-	-	-	-	(327,852)	-	-	-	(327,852)	-	(327,852)
Donation from shareholders	-	146	-	-	-	-	-	-	146	-	146
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	(51,310)	(51,310)
Net income for the six months ended June 30, 2020	-	-	-	-	118,062	-	-	-	118,062	28,542	146,604
Other comprehensive income (loss) for the six months ended June 30, 2020	-	-	-	-	-	(34,496)	(327)	(34,823)	(34,823)	-	(34,823)
BALANCE, JUNE 30, 2020	\$ 1,821,403	\$ 485,403	\$ 865,445	\$ 155,570	\$ 2,259,318	\$ (203,483)	\$ 13,090	\$ (190,393)	\$ 5,396,746	\$ 307,685	\$ 5,704,431
BALANCE, JANUARY 1, 2021	\$ 1,821,403	\$ 485,403	\$ 865,445	\$ 155,570	\$ 2,486,607	\$ (147,809)	\$ 13,167	\$ (134,642)	\$ 5,679,786	\$ 331,568	\$ 6,011,354
Donation from shareholders	-	167	-	-	-	-	-	-	167	-	167
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	(40,515)	(40,515)
Net income for the six months ended June 30, 2021	-	-	-	-	409,245	-	-	-	409,245	14,918	424,163
Other comprehensive income (loss) for the six months ended June 30, 2021	-	-	-	-	-	(16,780)	(74)	(16,854)	(16,854)	-	(16,854)
BALANCE, JUNE 30, 2021	\$ 1,821,403	\$ 485,570	\$ 865,445	\$ 155,570	\$ 2,895,852	\$ (164,589)	\$ 13,093	\$ (151,496)	\$ 6,072,344	\$ 305,971	\$ 6,378,315

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

SDI Corporation and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Six Months Ended June 30	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income before income tax	\$ 547,871	\$ 180,863
Depreciation	332,328	340,931
Amortization	9,848	10,573
Expected credit loss (or reversal)	(509)	427
Loss (gain) on financial assets and liability at fair value through profit or loss	(74)	(341)
Interest expense	29,438	28,229
Interest income	(555)	(832)
Dividend income	(362)	(445)
Gain on disposal of property, plant and equipment	(353)	(8,340)
Impairment loss on non-financial assets	13,980	-
Net changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	-	6,103
Notes receivable	(10,992)	(30,501)
Accounts receivable	(356,021)	(16,617)
Inventories	(838,691)	(217,461)
Prepayments	5,170	2,145
Other financial assets	2,573	(2,236)
Other current assets	(6,932)	1,513
Contract liabilities	58,418	4,470
Notes payable	92,289	1,005
Accounts payable	472,174	244,203
Other payables	59,181	(44,846)
Other current liabilities	(755)	(4,694)
Net defined benefit liability	(5,184)	(10,247)
Other operating liabilities	2,792	(3,925)
Cash provided from operations	405,634	479,977
Interest received	581	871
Dividends received	362	445
Interest paid	(28,854)	(26,121)
Income taxes paid	(71,674)	(22,773)
Net cash provided by operating activities	306,049	432,399
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(413,001)	(184,754)
Proceeds from disposal of property, plant and equipment	513	10,057
Refundable deposits paid	842	1,367
Acquisition of intangible assets	(7,285)	(9,391)
Increase in other financial assets	(17,292)	(2,317)
Net cash used in investing activities	(436,223)	(185,038)

(Continued)

SDI Corporation and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Six Months Ended June 30	
	2021	2020
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term loans	\$ 30,774	\$ (78,420)
Proceeds from long-term debt	423,063	301,768
Repayment of long-term debt	(388,090)	(360,000)
Repayment of the principal portion of lease liabilities	(5,914)	(3,998)
Decrease in other noncurrent liabilities	(1,698)	(213)
Decrease in non-controlling interests	(40,515)	-
Net cash provided by financing activities	17,620	(140,863)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(3,022)	(1,150)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(115,576)	105,348
CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD	764,179	871,509
CASH AND CASH EQUIVALENTS, END OF THE PERIOD	\$ 648,603	\$ 976,857

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

(Concluded)

SDI Corporation and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2021 AND 2020

(Reviewed, Not Audited)

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

1. ORGANIZATION AND OPERATIONS

SDI Corporation (the "Company") was incorporated on October 17, 1967. The Company manufactures mainly in stationery related products before the Company repetitively expanded to produce and manufacture lead frames and molds.

Since April 25, 1996, the Company's stocks have been listed on the Taiwan Stock Exchange ("TWSE"). The main operating activities of the Company and its subsidiaries (the "Group") are as well as aforementioned (refer to note 4.3(2) for further information).

2. THE AUTHORIZATION OF FINANCIAL STATEMENTS

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors on August 6, 2021.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

3.1 The adoption of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC):

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

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB</u>
Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"	June 25, 2020 (Effective immediately upon promulgation)
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform - Phase 2"	January 1, 2021

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IFRS 16 “Covid-19-Related Rent Concessions beyond June 30, 2021”	April 1, 2021 (Note1)

Note 1: Early adoption on January 1, 2021 is permitted by FSC.

The above standards and interpretations do not have a significant effect on the Group’s consolidated financial statements.

3.2 Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company:

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

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB (Note 1)
Amendments to IAS 16 “Property, Plant and Equipment: Proceeds before Intended Use”	January 1, 2022 (Note 2)
Amendments to IAS 37 “Onerous Contracts – Cost of Fulfilling a Contract”	January 1, 2022 (Note 3)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 4)
Annual Improvements to IFRS Standards 2018–2020	January 1, 2022 (Note 5)

Note 1: The aforementioned new, revised or amended standards or interpretations are effective for annual reporting periods beginning on or after their respective effective dates, unless specified otherwise.

Note 2: The amendments should be retrospectively applied to PPE which are brought to the necessary location and condition in the manner intended by management on or after January 1, 2021.

Note 3: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

Note 4: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 5: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Except for the following descriptions, the application of the above standards and interpretations will not have a significant effect on the Group’s accounting policies:

(1) Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”

These amendments set out that proceeds from selling items produced while bringing an item of property, plant and equipment to the location and condition necessary for them to be capable of operating in the manner intended by management shall not be recognized as a deduction of the asset. Instead, the proceeds and the costs of those items, measured in accordance with IAS 2, shall be recognized in profit or loss in accordance with applicable IFRS Standards.

The Group shall apply these amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the Group first applies the amendments. The cumulative effect of initially applying the amendments shall be recognize as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented with comparative information restated.

(2) Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”

The amendments specify that when assessing whether a contract is onerous, the “cost of fulfilling a contract” includes both the incremental costs of fulfilling that contract (for example, direct labor and materials) and an allocation of other costs that relate directly to fulfilling contracts (for example, an allocation of depreciation for an item of property, plant and equipment used in fulfilling the contract).

The Group will recognize the cumulative effect of the initial application of the aforementioned amendments in the retained earnings at the date of the initial application.

(3) Amendments to IFRS 3 “Reference to the Conceptual Framework”

The amendments replace the references to the Conceptual Framework of IFRS 3 and specify that the acquirer shall apply IFRIC 21 “Levies” to determine whether the event that gives rise to a liability for a levy has occurred at the acquisition date.

(4) Annual Improvements to IFRS Standards 2018-2020

Several standards, including IFRS 9 “Financial Instruments”, were amended in the annual improvements. IFRS 9 requires comparing the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, with that of the cash flows under the original financial liability when there is an exchange or modification of debt instruments. The new terms and the original terms are substantially different if the difference between those discounted present values is at least 10 percent. The amendments to IFRS 9 clarify that the only fees that should be included in the above assessment are those fees paid or received between the borrower and the lender.

As of the date the accompanying consolidated financial statements are authorized for issue, the related impact will be disclosed when the Group completes the evaluation.

3.3 The IFRSs issued by the IASB but not yet endorsed by the FSC

A summary of the new standards and amendments issued by the IASB but not yet endorsed by the FSC is set out below:

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	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

As of the date the accompanying consolidated financial statements are authorized for issue, the Group is still evaluating the impact on its financial position and financial performance as a result of the initial adoption of the aforementioned standards or interpretations. The related impact will be disclosed when the Group completes the evaluation.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except for the following, the accounting policies applied in these consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 2020. These policies have been consistently applied to all the periods presented, unless otherwise stated.

4.1 Statement of Compliance

- (1) The accompanying consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34, "Interim Financial Reporting," endorsed and issued into effect by the FSC.
- (2) The accompanying consolidated financial statements should be read with the consolidated financial statements for the year ended December 31, 2020.

4.2 Basis of Preparation

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

4.3 Basis of consolidation

- (1) Basis for preparation of consolidated financial statements:
 - A. All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
 - B. Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
 - C. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
 - D. Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.
 - E. When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of

the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss or transferred directly to retained earnings as appropriate, on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

(2) Subsidiaries included in the consolidated financial statements are as follows:

Name of investor	Name of subsidiary	Main business activities	Percentage of Ownership		
			June 30, 2021	December 31, 2020	June 30, 2020
The Company	SHUEN DER (B.V.I.) CO. (SHUEN DER(B.V.I.))	Investing activities	100%	100%	100%
SHUEN DER (B.V.I.)	SDI China (SDI(JIANGSU))	Office supplies (Blades, stationery, etc.) and manufacturing and processing of electronic components	100%	100%	100%
The Company	CHAO SHIN METAL INDUSTRIAL CORPORATION (Chao Shin Metal)	Smelting and rolling of metal strips	84.62%	84.62%	84.62%
The Company	TEC BRITE TECHNOLOGY CO., LTD. (TEC Brite Technology)	Manufacturing of electronic components and international trade	54.98%	54.98%	54.98%

The financial statements for the six months ended June 30, 2021 and 2020 of aforementioned subsidiaries were not reviewed by independent auditors, except for those of the significant subsidiaries, i.e. SHUEN DER (B.V.I.) and SDI (JIANGSU).

(3) Subsidiaries excluded from the consolidated financial statements: None.

(4) Subsidiaries that have non-controlling interests that are material to the Group

Name of subsidiary	Percentage of Ownership of Non-controlling Interest		
	June 30, 2021	December 31, 2020	June 30, 2020
TEC Brite Technology	45.02%	45.02%	45.02%

Please refer to Table 6 for information of principal place of business and registered countries of TEC Brite Technology.

Name of subsidiary	Profit or Loss Distribute to Non-controlling Interest			
	Three Months Ended June 30		Six Months Ended June 30	
	2021	2020	2021	2020
TEC Brite Technology	\$ 7,331	\$ 14,641	\$ 12,915	\$ 27,540
Others	960	393	2,003	1,002
Total	\$ 8,291	\$ 15,034	\$ 14,918	\$ 28,542

Name of subsidiary	Non-controlling Interest		
	June 30, 2021	December 31, 2020	June 30, 2020
TEC Brite Technology	\$ 260,954	\$ 288,554	\$ 265,731
Others	45,017	43,014	41,954
Total	\$ 305,971	\$ 331,568	\$ 307,685

The summary financial information (including the intra-company transactions) of subsidiaries are as follows :

	TEC Brite Technology		
	June 30, 2021	December 31, 2020	June 30, 2020
Current assets	\$ 478,896	\$ 555,295	\$ 634,571
Non-current assets	346,008	343,946	339,386
Current liabilities	(117,244)	(126,263)	(242,804)
Non-current liabilities	(121,186)	(129,376)	(138,245)
Equity	\$ 586,474	\$ 643,602	\$ 592,908
Equity attributable to:			
Shareholder of the parent	\$ 322,443	\$ 353,852	\$ 325,981
Non-controlling Interests of TEC Brite Technology	264,031	289,750	266,927
Total	\$ 586,474	\$ 643,602	\$ 592,908

Statements of comprehensive incomes

	TEC Brite Technology			
	Three Months Ended June 30		Six Months Ended June 30	
	2021	2020	2021	2020
Revenue	\$ 167,021	\$ 194,794	\$ 320,859	\$ 373,538
Net profit for the period	\$ 18,832	\$ 32,521	\$ 32,872	\$ 61,172
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	\$ 18,832	\$ 32,521	\$ 32,872	\$ 61,172
Net profit attributable to:				
Shareholder of the parent	\$ 10,354	\$ 17,880	\$ 18,073	\$ 33,632
Non-controlling interests of TEC Brite Technology	8,478	14,641	14,799	27,540
Total	\$ 18,832	\$ 32,521	\$ 32,872	\$ 61,172
Net profit attributable to:				
Shareholder of the parent	\$ 10,354	\$ 17,880	\$ 18,073	\$ 33,632
Non-controlling interests of TEC Brite Technology	8,478	14,641	14,799	27,540
Total	\$ 18,832	\$ 32,521	\$ 32,872	\$ 61,172

	TEC Brite Technology	
	Six Months Ended June 30	
	2021	2020
Dividends paid to non-controlling interests	\$ 40,515	\$ 48,619

	TEC Brite Technology	
	Six Months Ended June 30	
	2021	2020
Net cash generated from operating activities	\$ 38,656	\$ 883
Net cash used in investing activities	(40,134)	(28,397)
Net cash used in financing activities	(98,010)	(7,882)
Increase (decrease) in cash and cash equivalents	(99,488)	(35,396)
Cash and cash equivalents, beginning of the period	144,579	195,114
Cash and cash equivalents, end of the period	\$ 45,091	\$ 159,718

4.4 Retirement benefits

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

4.5 Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings. The effect of a change in tax rate resulting from a change in tax law is recognized consistently with the accounting for the transaction itself which gives rise to the tax consequence, and this is recognized in profit or loss, other comprehensive income or directly in equity in full in the period in which the change in tax rate occurs.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION AND UNCERTAINTY

The Group takes the economic impact of the Covid-19 pandemic into consideration in critical accounting estimates, and continue to review basic assumptions and estimates. If the impact of the change in accounting estimate relating to the current period is recognized in the current period; the impact in the current period or is expected to have an effect in future periods, it shall be recognized in the current period and the future period of the amendment.

The same critical accounting judgments and key sources of estimates and uncertainty have been followed in these consolidated financial statements as were applied in the preparation of the consolidated financial statements for the year ended December 31, 2020, which were stated in Note 5.

6. CONTENTS OF SIGNIFICANT ACCOUNTS

6.1 CASH AND CASH EQUIVALENTS

Items	June 30, 2021	December 31, 2020	June 30, 2020
Cash on hand and petty cash	\$ 1,130	\$ 958	\$ 1,417
Checking accounts and demand deposits	647,473	763,221	975,440
Total	\$ 648,603	\$ 764,179	\$ 976,857

- (1) Time deposits with original maturities over three months was classified as other current financial assets as of June 30, 2021, December 31, 2020 and June 30, 2020.
- (2) The cash and cash equivalents of the Group are not pledged to others.
- (3) Please refer to Note 12 for related credit risk management and assessment.

6.2 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Items	June 30, 2021	December 31, 2020	June 30, 2020
Mandatorily measured at FVTPL			
Non-derivative financial assets			
Funds	\$ 57,376	\$ 57,302	\$ 57,185
Total	<u>\$ 57,376</u>	<u>\$ 57,302</u>	<u>\$ 57,185</u>

- (1) The Group recognized net profit or loss of FVTPL for the three months and six months ended June 30, 2021 and 2020 is \$32 thousand, \$341 thousand, \$74 thousand and (\$2,734) thousand.
- (2) Financial instruments at fair value through profit or loss of the Group are not pledged to others.

6.3 NOTES RECEIVABLE

Items	June 30, 2021	December 31, 2020	June 30, 2020
Amortized at cost			
Gross carrying amount	\$ 155,849	\$ 146,342	\$ 135,892
Less: Loss allowance	(100)	(100)	(100)
Notes receivable, net	<u>\$ 155,749</u>	<u>\$ 146,242</u>	<u>\$ 135,792</u>

- (1) As of June 30, 2021, December 31, 2020 and June 30, 2020, the banker's acceptance bill of the Group was \$123,213 thousand, \$122,214 thousand and \$112,739 thousand.
- (2) The Group pledged bankers' acceptance bill as collaterals to banks, please refer to Note 8.
- (3) Please refer to Note 6.4 for information on loss allowance for notes receivable.

6.4 ACCOUNTS RECEIVABLE

Items	June 30, 2021	December 31, 2020	June 30, 2020
Amortized at cost			
Gross carrying amount	\$ 2,122,205	\$ 1,771,701	\$ 1,594,476
Less: Loss allowance	(13,542)	(14,114)	(22,240)
Accounts receivable, net	<u>\$ 2,108,663</u>	<u>\$ 1,757,587</u>	<u>\$ 1,572,236</u>

- (1) The accounts receivable was following the Group's credit policy determined by reference to the industrial characteristics, operating scale and profitability of the counterparties. The average credit term is due on monthly aggregate sales plus 30 to 150 days.
- (2) The Group applies the simplified approach to providing expected credit losses prescribed under IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses are estimated using an allowance matrix with reference to past default experiences of the debtor, an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate. The allowance matrix of different customer segments, the provision for loss allowance is based on the number of past due days.
- (3) The following table detailed the loss allowance of notes and accounts receivable based on the Group's provision matrix (include related parties).

June 30, 2021

Aging terms	Gross carrying amount	Loss allowance (lifetime ECLs)	Amortized cost
Neither past due nor impaired	\$ 2,247,390	\$ (9,107)	\$ 2,238,283
Past due but not impaired			
Past due within 30 days	38,175	(1,139)	37,036
Past due 31-90 days	11,982	(754)	11,228
Past due 91-180 days	832	(496)	336
Past due 181-365 days	1,496	(1,496)	-
Past due over 365 days	8,794	(8,794)	-
Total	<u>\$ 2,308,669</u>	<u>\$ (21,786)</u>	<u>\$ 2,286,883</u>

December 31, 2020

Aging terms	Gross carrying amount	Loss allowance (lifetime ECLs)	Amortized cost
Neither past due nor impaired	\$ 1,863,311	\$ (6,521)	\$ 1,856,790
Past due but not impaired			
Past due within 30 days	46,847	(2,256)	44,591
Past due 31-90 days	26,238	(2,851)	23,387
Past due 91-180 days	3,518	(996)	2,522
Past due 181-365 days	278	(278)	-
Past due over 365 days	9,484	(9,484)	-
Total	\$ 1,949,676	\$ (22,386)	\$ 1,927,290

June 30, 2020

Aging terms	Gross carrying amount	Loss allowance (lifetime ECLs)	Amortized cost
Neither past due nor impaired	\$ 1,678,101	\$ (7,089)	\$ 1,671,012
Past due but not impaired			
Past due within 30 days	55,452	(3,724)	51,728
Past due 31-90 days	20,366	(4,060)	16,306
Past due 91-180 days	6,935	(2,834)	4,101
Past due 181-365 days	111	(111)	-
Past due over 365 days	12,599	(12,599)	-
Total	\$ 1,773,564	\$ (30,417)	\$ 1,743,147

(4) Movements of the loss allowance for notes and accounts receivable (include overdues and related parties).

Items	Six Months Ended June 30	
	2021	2020
Beginning Balance	\$ 22,386	\$ 30,350
Add: Provision for impairment	-	427
Less: Reversal of impairment	(509)	-
Effect of exchange rate changes	(91)	(360)
Ending Balance	\$ 21,786	\$ 30,417

- (5) The Group has not held any collateral or other credit enhancement for accounts receivable as stated above.
- (6) Please refer to Note 12 for information on the Group's management and measurement policies of credit risk.

6.5 INVENTORIES AND COST OF SALES

Items	June 30, 2021	December 31, 2020	June 30, 2020
Raw materials	\$ 1,358,749	\$ 977,419	\$ 1,045,280
Work-in-process	1,297,270	918,704	990,351
Finished goods	927,894	777,533	713,742
Goods	16,062	42,205	41,161
Inventory in transit	32,104	88,180	16,223
Total	<u>\$ 3,632,079</u>	<u>\$ 2,804,041</u>	<u>\$ 2,806,757</u>

(1) The cost of inventories recognized as expenses for the period :

Items	Three Months Ended June 30		Six months ended June 30	
	2021	2020	2021	2020
Provision for (recovery of) loss (gain) on inventories	\$ 3,408	\$ (18,025)	\$ 40,509	\$ 8,447
Unallocated fixed FOH	-	1,063	404	5,470
Loss on scrapped inventory	10,092	10,540	24,143	26,763
Total	<u>\$ 13,500</u>	<u>\$ (6,422)</u>	<u>\$ 65,056</u>	<u>\$ 40,680</u>

(2)The inventories are not pledged by the Group.

6.6 PREPAYMENTS

Items	June 30, 2021	December 31, 2020	June 30, 2020
Prepaid expenses	\$ 33,407	\$ 28,432	\$ 34,197
Overpaid VAT	19,704	9,712	6,697
Input tax	17,729	10,280	9,287

Items	June 30, 2021	December 31, 2020	June 30, 2020
Prepayment for purchases	\$ 4,979	\$ 32,814	\$ 4,495
Others	11,484	11,717	11,957
Total	<u>\$ 87,303</u>	<u>\$ 92,955</u>	<u>\$ 66,633</u>

6.7 OTHER FINANCAIL ASSETS-CURRENT

Items	June 30, 2021	December 31, 2020	June 30, 2020
Pledged time deposits	\$ 36,642	\$ 20,917	\$ 6,500
Restricted deposits	25,404	24,332	15,614
Total	<u>\$ 62,046</u>	<u>\$ 45,249</u>	<u>\$ 22,114</u>

Please refer to Note 8 for information on the amounts of pledged and restricted bank deposits.

6.8 FINANCAIL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME -NON-CURRENT

Items	June 30, 2021	December 31, 2020	June 30, 2020
Equity instrument			
Unlisted stock	\$ 2,203	\$ 2,203	\$ 2,203
Valuation Adjustments	14,494	14,695	14,643
Total	<u>\$ 16,697</u>	<u>\$ 16,898</u>	<u>\$ 16,846</u>

(1) The Group invests in unlisted stocks for medium and long-term strategic purposes and expects profit from long-term investments. Management of the Company decided to account the aforementioned investments in FVTOCI, due to recognizing short term gain or loss with FVTPL would against the medium and long-term investments.

(2) Financial assets at fair value through other comprehensive income of the Group are not pledged to others.

6.9 PROPERTY, PLANT AND EQUIPMENT

Items	June 30, 2021	December 31, 2020	June 30, 2020
Land	\$ 254,419	\$ 254,419	\$ 254,419
Buildings	2,340,946	2,355,346	2,314,418
Machinery	6,020,691	5,923,393	5,809,318
Molds	2,053,351	1,964,851	1,882,937
Other equipment	1,292,393	1,268,010	1,226,100
Equipment to be inspected and construction in progress	<u>632,741</u>	<u>544,387</u>	<u>425,049</u>
Total cost	12,594,541	12,310,406	11,912,241
Less: Accumulated depreciation and impairment	<u>(8,153,327)</u>	<u>(7,894,377)</u>	<u>(7,549,651)</u>
Total	<u>\$ 4,441,214</u>	<u>\$ 4,416,029</u>	<u>\$ 4,362,590</u>

	Land	Buildings	Machinery	Molds	Other equipment	Equipment under installation and construction in progress	Total
Cost							
Balance, January 1, 2021	\$ 254,419	\$ 2,355,346	\$ 5,923,393	\$ 1,964,851	\$ 1,268,010	\$ 544,387	\$ 12,310,406
Additions	-	3,091	18,849	1,900	19,631	337,438	380,909
Disposals	-	(9,976)	(25,768)	(10,005)	(8,465)	-	(54,214)
Reclassification	-	2,790	122,552	106,284	16,670	(248,296)	-
Effect of exchange rate difference	-	(10,305)	(18,335)	(9,679)	(3,453)	(788)	(42,560)
Balance, June 30, 2021	<u>\$ 254,419</u>	<u>\$ 2,340,946</u>	<u>\$ 6,020,691</u>	<u>\$ 2,053,351</u>	<u>\$ 1,292,393</u>	<u>\$ 632,741</u>	<u>\$ 12,594,541</u>
Accumulated depreciation and impairment							
Balance, January 1, 2021	-	\$ (927,659)	\$ (4,443,855)	\$ (1,632,248)	\$ (890,615)	-	\$ (7,894,377)
Depreciation expense	-	(34,498)	(154,963)	(90,781)	(43,787)	-	(324,029)
Impairment loss	-	-	(13,980)	-	-	-	(13,980)
Disposals	-	9,976	25,741	10,005	8,332	-	54,054
Reclassification	-	-	(2,605)	-	2,605	-	-
Effect of exchange rate difference	-	3,195	12,589	6,725	2,496	-	25,005
Balance, June 30, 2021	<u>\$ -</u>	<u>\$ (948,986)</u>	<u>\$ (4,577,073)</u>	<u>\$ (1,706,299)</u>	<u>\$ (920,969)</u>	<u>\$ -</u>	<u>\$ (8,153,327)</u>
Cost							
Balance, January 1, 2020	\$ 254,419	\$ 2,338,428	\$ 5,947,531	\$ 1,847,451	\$ 1,216,019	\$ 411,547	\$ 12,015,395
Additions	-	4,538	5,828	814	12,059	146,652	169,891
Disposals	-	(7,162)	(144,846)	(18,941)	(12,124)	-	(183,073)
Reclassification	-	922	40,466	72,692	17,553	(131,633)	-
Effect of exchange rate difference	-	(22,308)	(39,661)	(19,079)	(7,407)	(1,517)	(89,972)
Balance, June 30, 2020	<u>\$ 254,419</u>	<u>\$ 2,314,418</u>	<u>\$ 5,809,318</u>	<u>\$ 1,882,937</u>	<u>\$ 1,226,100</u>	<u>\$ 425,049</u>	<u>\$ 11,912,241</u>

	Land	Buildings	Machinery	Molds	Other equipment	Equipment under installation and construction in progress	Total
Accumulated depreciation and impairment							
Balance, January 1, 2020	\$ -	\$ (859,443)	\$ (4,285,117)	\$ (1,480,403)	\$ (823,667)	\$ -	\$ (7,448,630)
Depreciation expense	-	(34,790)	(157,980)	(97,837)	(42,020)	-	(332,627)
Disposals	-	7,162	143,625	18,454	12,115	-	181,356
Effect of exchange rate difference	-	6,410	24,749	13,863	5,228	-	50,250
Balance, June 30, 2020	\$ -	\$ (880,661)	\$ (4,274,723)	\$ (1,545,923)	\$ (848,344)	\$ -	\$ (7,549,651)

- (1) In order to fulfill operational and productivity expansion strategies, board of directors passed a resolution and authorized chairman to conduct the purchase of land and plants on March 9, 2021. The Group intends to purchase the land and plants in Da-gang Section, Nantou City currently owned by KOAN HAO TECHNOLOGY CO., LTD. with an area of approximately 5,880 square meters for land and 3,514 square meters for plants, respectively. The proposed purchase price of the land and plants is \$ 323,700 thousand. Please refer to Note 3 for the payment status.
- (2) Please refer to Note 6.29 for information on the Group's capitalized interest.
- (3) The property, plants, and equipment of the Group are not pledged to others.

6.10 LEASE ARRANGEMENT

(1) Right-of-use assets

Items	June 30, 2021	December 31, 2020	June 30, 2020
Land	\$ 92,822	\$ 92,822	\$ 92,821
Use right of land	76,905	77,836	74,636
Buildings	81,269	81,279	80,907
Total cost	250,996	251,937	248,364
Less: Accumulated depreciation and impairment	(33,181)	(24,958)	(16,944)
Total	\$ 217,815	\$ 226,979	\$ 231,420

	Land	Use right of land	Buildings	Total
Cost				
Balance, January 1, 2021	\$ 92,822	\$ 77,836	\$ 81,279	\$ 251,937

	Land	Use right of land	Buildings	Total
Effect of exchange rate difference	\$ -	\$ (931)	\$ (10)	\$ (941)
Balance, June 30, 2021	\$ 92,822	\$ 76,905	\$ 81,269	\$ 250,996

Accumulated depreciation
and impairment

Balance, January 1, 2021	\$ (12,340)	\$ (5,131)	\$ (7,487)	\$ (24,958)
Depreciation expense	(3,962)	(1,279)	(3,058)	(8,299)
Effect of exchange rate difference	-	73	3	76
Balance, June 30, 2021	\$ (16,302)	\$ (6,337)	\$ (10,542)	\$ (33,181)

	Land	Use right of land	Buildings	Total
<u>Cost</u>				
Balance, January 1, 2020	\$ 86,223	\$ 76,636	\$ 75,283	\$ 238,142
Additions	10,173	-	7,760	17,933
Derecognition	(3,575)	-	(2,125)	(5,700)
Effect of exchange rate difference	-	(2,000)	(11)	(2,011)
Balance, June 30, 2020	\$ 92,821	\$ 74,636	\$ 80,907	\$ 248,364

Accumulated depreciation
and impairment

Balance, January 1, 2020	\$ (7,975)	\$ (2,526)	\$ (3,940)	\$ (14,441)
Depreciation expense	(3,978)	(1,255)	(3,071)	(8,304)
Derecognition	3,575	-	2,125	5,700
Effect of exchange rate difference	-	91	10	101
Balance, June 30, 2020	\$ (8,378)	\$ (3,690)	\$ (4,876)	\$ (16,944)

(2) Lease liabilities

Items	June 30, 2021	December 31, 2020	June 30, 2020
Current	\$ 9,770	\$ 10,214	\$ 9,807
Non-current	\$ 93,427	\$ 98,046	\$ 102,650

Range of discounts rate for lease liabilities is as follow :

	June 30, 2021	December 31, 2020	June 30, 2020
Land	1.20%	1.20%	1.20%
Buildings	1.20%~4.13%	1.20%~4.13%	1.20%~4.26%

Please refer to Note 12 for information about the maturity analysis for lease liabilities.

(3) Material lease-in activities and terms

A. Land and Buildings

The Group leases land and plants with lease terms between 2015 and 2037, and paid \$4,123 thousand for guaranteed deposit for the lease. The Group and the lessor agreed that a plant may be built on the leased land by the Group. However, title deed of the plant should be registered by the lessor. The Group has the right to use the plant within the lease terms. The construction of the plant was completed in the third quarter of 2019.

B. Use right of land

SDI (JIANGSU) acquired land use rights at Jiangsu, mainland China which would be matured in November, 2047, November, 2067 and November, 2051, respectively, within granted useful terms in 50 years、70 years and 34 years, respectively.

During the terms of the land use right, SDI (JIANGSU) has the right to use, to receive the benefit from, to transfer the title of the land use right and to lease the land use right, and should undertake taxes and duties for using the land. The land use right was used to build plants, office buildings and employee dormitories.

(4) Other lease information

Items	Three Months Ended June 30		Six Months Ended June 30	
	2021	2020	2021	2020
Expenses relating to short-term leases	\$ 856	\$ 769	\$ 1,711	\$ 1,529
Total cash outflow for leases	\$ 4,134	\$ 3,341	\$ 8,262	\$ 6,145

The Group elected to apply the recognition exemption for short-term leases and low-value asset leases and, did not recognize right-of-use assets and leases liabilities for these leases.

6.11 INTANGIBLE ASSETS

Items	June 30, 2021	December 31, 2020	June 30, 2020
Trademarks	\$ 2,559	\$ 2,674	\$ 2,562
Patent	57,724	62,226	65,635
Computer software	30,443	40,119	34,964
Total	90,726	105,019	103,161
Less: Accumulated amortization	(42,576)	(51,525)	(42,332)
Intangible assets, net	\$ 48,150	\$ 53,494	\$ 60,829

Six Months Ended June 30, 2021

Items	Trademarks	Patent	Computer software	Total
<u>Cost</u>				
Balance, January 1	\$ 2,674	\$ 62,226	\$ 40,119	\$ 105,019
Additions	171	1,679	2,675	4,525
Disposals	(286)	(6,181)	(12,276)	(18,743)
Effect of exchange rate difference	-	-	(75)	(75)
Balance, June 30	\$ 2,559	\$ 57,724	\$ 30,443	\$ 90,726
<u>Accumulated amortization</u>				
Balance, January 1	\$ (1,700)	\$ (24,394)	\$ (25,431)	\$ (51,525)
Amortization expense	(161)	(5,270)	(4,417)	(9,848)
Disposals	286	6,181	12,276	18,743
Effect of exchange rate difference	-	-	54	54
Balance, June 30	\$ (1,575)	\$ (23,483)	\$ (17,518)	\$ (42,576)

Six Months Ended June 30, 2020

Items	Trademarks	Patent	Computer software	Total
<u>Cost</u>				
Balance, January 1	\$ 2,501	\$ 69,193	\$ 40,873	\$ 112,567
Additions	143	2,151	7,097	9,391
Disposals	(82)	(5,709)	(14,796)	(20,587)
Reclassified	-	-	1,940	1,940

Items	Six Months Ended June 30, 2020			
	Trademarks	Patent	Computer software	Total
Effect of exchange rate difference	\$ -	\$ -	\$ (150)	\$ (150)
Balance, June 30	\$ 2,562	\$ 65,635	\$ 34,964	\$ 103,161
Accumulated amortization				
Balance, January 1	\$ (1,518)	\$ (25,045)	\$ (25,873)	\$ (52,436)
Amortization expense	(174)	(5,312)	(5,087)	(10,573)
Disposals	82	5,709	14,796	20,587
Effect of exchange rate difference	-	-	90	90
Balance, June 30	\$ (1,610)	\$ (24,648)	\$ (16,074)	\$ (42,332)

The intangible assets of the Group are not pledged to others.

6.12 OTHER NON-CURRENT ASSETS

Items	June 30, 2021	December 31, 2020	June 30, 2020
Prepayments for equipment	\$ 58,359	\$ 13,210	\$ 25,520
Refundable deposits	12,191	13,056	10,597
Overdue receivables	8,144	8,172	8,077
Less: loss allowance	(8,144)	(8,172)	(8,077)
Prepayments for software	18,351	15,591	-
Others	181	52	667
Total	\$ 89,082	\$ 41,909	\$ 36,784

6.13 SHORT-TERM LOANS

Type of loans	June 30, 2021	December 31, 2020	June 30, 2020
Secured loans	\$ -	\$ 9,690	\$ -
Unsecured loans	807,592	778,872	670,817
Total	\$ 807,592	\$ 788,562	\$ 670,817

Type of loans	June 30, 2021	December 31, 2020	June 30, 2020
Interest rate range	1.20%~4.61%	1.80%~4.84%	2.43%~4.35%

Please refer to Note 8 for the information of pledging the banker's acceptance bill received from China counterparties for secured loans.

6.14 SHORT-TERM NOTES AND BILLS PAYABLES

Items	June 30, 2021	December 31, 2020	June 30, 2020
China Bills Finance Corporation	\$ 10,000	\$ 10,000	\$ 10,000
Less: Unamortized discounts	(6)	(15)	(2)
Total	\$ 9,994	\$ 9,985	\$ 9,998
Interest rate range	0.98%	1.06%	1.16%

6.15 NOTES PAYABLE

Items	June 30, 2021	December 31, 2020	June 30, 2020
Notes payable-operating activities	\$ 195,461	\$ 105,124	\$ 44,189
Notes payable-non-operating activities	-	-	120
Total	\$ 195,461	\$ 105,124	\$ 44,309

6.16 OTHER PAYABLES

Items	June 30, 2021	December 31, 2020	June 30, 2020
Accrued salaries and bonuses	\$ 266,855	\$ 236,818	\$ 160,667
Accrued supplies expense	58,628	47,786	40,096
Payable for equipment and construction	57,015	43,958	27,523
Accrued utilities expense	31,906	24,026	26,730

Items	June 30, 2021	December 31, 2020	June 30, 2020
Compensation payable of employees, directors and supervisors	\$ 25,825	\$ 11,766	\$ 20,180
Accrued repairs and maintenance	23,808	24,136	28,702
Accrued insurance expense	18,382	16,592	16,537
Others	96,589	103,742	128,671
Total	<u>\$ 579,008</u>	<u>\$ 508,824</u>	<u>\$ 449,106</u>

6.17 LONG-TERM LOANS AND ITS CURRENT PORTION

Items	June 30, 2021	December 31, 2020	June 30, 2020
Unsecured loans	\$ 1,609,213	\$ 1,577,608	\$ 1,788,337
Less: Current portion	(138,804)	(145,920)	(86,729)
Discounted government grants (Note 6.18)	(7,118)	(7,130)	(8,533)
Total	<u>\$ 1,463,291</u>	<u>\$ 1,424,558</u>	<u>\$ 1,693,075</u>
Interest rate range	<u>0.45%~4.534%</u>	<u>0.45%~5.15%</u>	<u>0.45%~4.35%</u>
Year to maturity	<u>2021~2027</u>	<u>2021~2027</u>	<u>2021~2026</u>

(1)The loans from Bank of Taiwan, Mega Bank, E.SUN Bank, Chang Hwa Bank, The Shanghai Commercial & Savings Bank and Fubon Bank are repaid in installments, the rest of the loans will be repaid in full on the maturity date.

(2)Under the Group's loan agreement with certain banks, the Group should meet several financial ratios and criteria. The Group had no violation of the aforementioned financial ratio regulations as of June 30, 2021, December 31, 2020 and June 30, 2020.

6.18 GOVERNMENT GRANTS

(1)The Company has obtained a \$921,000 thousand preferential interest rate loan from a government under the "Action Plan Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan" for capital expenditure and operating turnover. The difference between transaction price and fair value is regarded as the government grants. As of June 30, 2021, the fair value of loan is estimated to be \$913,882 thousand. The difference \$7,118 between transaction price and fair value is recognized as deferred income (under other non-current liabilities). The deferred revenue is recognized as other income during the loan period. The Company has recognized

\$1,208 thousand in other income, \$3,444 thousand in interest expense for the loan for the six months ended June 30, 2021, and paid \$2,236 thousand interests to the bank.

- (2) The National Development Fund would cease providing the Company related interest subsidies if the Company violated requirements of the project loan due to not be able to build plants and relevant facilities, purchase equipment or use as mid-term working capital.

6.19 RETIREMENT BENEFIT PLANS

(1) Defined contribution plans

- A. The plan under Labor Pension Act (the "Act") of the R.O.C. is deemed a defined contribution plan. Pursuant to the Act, the Company, Chao Shin Metal Industrial Corporation and TEC Brite Technology CO., LTD. have made monthly contributions equal to 6% of each employee's monthly salary to employees' pension accounts.
- B. The foreign subsidiaries also make contribution in accordance with the rate specified in the plans in the local regulations, which is a defined contribution plan.
- C. The Group's recognized expenses in the consolidated statement of comprehensive income were \$16,324 thousand, \$8,799 thousand, \$30,830 thousand and \$21,600 thousand under the contributions rates specified in the plans for the three months and six months ended June 30, 2021 and 2020, respectively.

(2) Defined benefit plans

- A. The Company, Chao Shin Metal Industrial Corporation and TEC Brite Technology CO., LTD. have defined benefit plans in accordance with Labor Standards Law of the R.O.C. Pension benefits are based on the number of units accrued and average monthly salaries and wages of the last 6 months prior to retirement. The Company, Chao Shin Metal Industrial Corporation and TEC Brite Technology CO., LTD make monthly contributions of 6%, 6% and 2% respectively of each individual employee's salary to employees' pension accounts, which submit to the Labor Retirement Reserve Supervisory Committee to the retirement fund deposited in Bank of Taiwan under the name of the committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by the end of each year. If the amount of the balance in the pension fund is not enough to pay the pension to the labors expected to be qualified for retirement in the following year, the Company will make contribution for the deficit by next March. The Fund is managed by the Government's designated authorities and the Company have no right to influence their investment strategies.
- B. Due to no major downsize, discharges, significant one-time matters and major changes of market happened after the last fiscal year ended, the Group evaluated the periodic pension cost considered the actuarial report of 2020 and 2019 and disclosed the midterm cost.

C. The Group's recognized expenses in the consolidated statement of comprehensive income were \$358 thousand, \$991 thousand, \$1,091 thousand and \$1,745 thousand under the defined benefit plans for the three months and six months ended June 30, 2021 and 2020, respectively.

6.20 COMMON STOCKS

(1) Movements in the number of the Group's common shares outstanding were as follows:

	Six Months Ended June 30			
	2021		2020	
	Shares (in Thousands)	Capital	Shares (in Thousands)	Capital
Beginning Balance	182,140	\$ 1,821,403	182,140	\$ 1,821,403
Ending Balance	182,140	\$ 1,821,403	182,140	\$ 1,821,403

(2) The par value of common stock is \$10 per share, carrying one vote per share and carry a right to dividends.

(3) The Company's authorized capital was \$2,700,000 thousand, consisting of 270,000 thousand shares as of June 30, 2021.

6.21 CAPITAL SURPLUS

Items	June 30, 2021	December 31, 2020	June 30, 2020
Additional paid-in capital	\$ 451,220	\$ 451,220	\$ 451,220
Long-term investments at equity	3,546	3,546	3,546
Treasury stock transactions	30,359	30,359	30,359
Others	445	278	278
Total	\$ 485,570	\$ 485,403	\$ 485,403

(1) Under the Company Act, the capital surplus generated from the excess of the issuance price over the par value of capital stock and from donations can be used to offset deficit or may be distributed as stock dividends or cash dividends. Under the regulations of the Security Exchange Law, the maximum amount transferred from the foregoing capital surplus to the Company's capital per year shall not be over 10% of

the Company's capital surplus. Capital surplus can't be used to offset deficit unless legal reserve is insufficient.

- (2) The capital surplus from long-term investments and stock warrants may not be used for any purpose.

6.22 RETAINED EARNINGS

- (1) According to the Company's Article of Incorporation, the current year's earnings, if any, shall first pay taxes, offset its losses, set aside a legal capital reserve at 10% of the remaining earnings until the accumulated legal capital reserve equals the Company's paid-in capital then reversal or set aside a special capital reserve in accordance with relevant laws. Any balance left over shall be allocated with unappropriated earnings submitted by the Board of Directors to be approved at a shareholders' meeting according to the Company's Articles of Incorporation 32 para 1 ad finem.
- (2) Legal reserve may only be used to offset a deficit or to distribute as dividend in cash or in stock for the portion in excess of 25% of the Company's paid-in capital.
- (3) Special reserve

Items	June 30, 2021	December 31, 2020	June 30, 2020
Special reserve	\$ 155,570	\$ 155,570	\$ 155,570

A. In accordance with the regulation, the Company shall set aside special reserve from the debit balance on other equity item at the end of the year before distributing earnings. When debit balance on other equity is reversed subsequently, the reversed amount could be included in the distributable earnings.

B. On initial application of IFRSs, the unrealized revaluation increments and cumulative translation adjustment should be reclassified into retained earnings, and was set aside as special reserve \$53,205 in accordance with rule No.1010012865 issue by the FSC. When the relevant assets are used, disposal of or reclassified subsequently, the special reserve set aside previously shall be reversed to distributable earnings proportionately.

- (4) The appropriations of 2020 and 2019 earnings have been approved by shareholders' meetings held on March 9, 2021 and June 23, 2020, respectively. The appropriations of earnings and dividends per share were as follows:

Items	Appropriation of Earnings		Dividends Per Share (NT\$)	
	For Year 2020	For Year 2019	For Year 2020	For Year 2019
Legal reserve	\$ 34,535	\$ 50,253		

Items	Appropriation of Earnings		Dividends Per Share (NT\$)	
	For Year 2020	For Year 2019	For Year 2020	For Year 2019
Special reserve	\$ (20,928)	\$ 54,387		
Cash dividends to shareholders	327,852	327,852	\$ 1.80	\$ 1.80

- (5) The Company postponed its originally scheduled shareholders' meeting in response to the FSC's announcement: "For pandemic prevention, the FSC demands public companies to postpone their shareholders' meetings". Regarding the appropriation of earnings for 2020, the shareholders' meeting will be held to acknowledge on August 26, 2021.
- (6) Information on the resolution regarding the appropriation of earnings of the Board of Directors' and shareholders' meetings is available from the Market Observation Post System on the website of the TSE.

6.23 OTHER EQUITY

Items	Exchange differences on translation of foreign financial statements	Unrealized valuation gain (loss) on financial assets at fair value through other comprehensive income	Total
Balance, January 1, 2021	\$ (147,809)	\$ 13,167	\$ (134,642)
Exchange differences on translation of foreign financial statements	(16,780)	-	(16,780)
Unrealized valuation gain (loss) on financial assets at fair value through other comprehensive income	-	(74)	(74)
Balance, June 30, 2021	\$ (164,589)	\$ 13,093	\$ (151,496)

Items	Exchange differences on translation of foreign financial statements	Unrealized valuation gain (loss) on financial assets at fair value through other comprehensive income	Total
Balance, January 1, 2020	\$ (168,987)	\$ 13,417	\$ (155,570)
Exchange differences on translation of foreign financial statements	(34,496)	-	(34,496)

Items	Exchange differences on translation of foreign financial statements	Unrealized valuation gain (loss) on financial assets at fair value through other comprehensive income	Total
Unrealized valuation gain (loss) on financial assets at fair value through other comprehensive income	\$ -	\$ (327)	\$ (327)
Balance, June 30, 2020	<u>\$ (203,483)</u>	<u>\$ 13,090</u>	<u>\$ (190,393)</u>

6.24 NON-CONTROLLING INTEREST

Items	Six Months Ended June 30	
	2021	2020
Beginning Balance	\$ 331,568	\$ 330,453
Attributable to non-controlling interests:		
Distribution of cash dividends by subsidiaries	(40,515)	(51,310)
Net income	14,918	28,542
Ending Balance	<u>\$ 305,971</u>	<u>\$ 307,685</u>

6.25 OPERATING REVENUE

Items	Three Months Ended June 30		Six Months Ended June 30	
	2021	2020	2021	2020
Revenue from contracts with customers				
Sale of goods	\$ 2,751,357	\$ 2,039,970	\$ 5,192,168	\$ 3,970,970
Service revenue	7,727	3,955	13,634	8,212
Subtotal	<u>2,759,084</u>	<u>2,043,925</u>	<u>5,205,802</u>	<u>3,979,182</u>
Other operating revenues	<u>5,601</u>	<u>4,829</u>	<u>11,097</u>	<u>9,387</u>
Total	<u>\$ 2,764,685</u>	<u>\$ 2,048,754</u>	<u>\$ 5,216,899</u>	<u>\$ 3,988,569</u>

(1) Description of customer contract

The Group is mainly engaged in the sale of lead frames and stationery. The main target customers of the Company are downstream vendors and agents, etc., and the Company sells at price stipulated in contracts. The consideration is classified as short-term receivables, and is therefore measured at invoice price.

(2) Disaggregation of revenue from contracts with customers

Major products /Service line	Three Months Ended June, 2021					
	China	Taiwan	Japan	Malaysia	Others	Total
Electronic	\$ 1,160,285	\$ 322,390	\$ 289,073	\$ 164,664	\$ 364,040	\$ 2,300,452
Stationery	65,311	97,460	40,661	2,353	217,192	422,977
Others	8,519	2,323	5,492	12,249	7,072	35,655
Total	<u>\$ 1,234,115</u>	<u>\$ 422,173</u>	<u>\$ 335,226</u>	<u>\$ 179,266</u>	<u>\$ 588,304</u>	<u>\$ 2,759,084</u>
Timing of revenue recognition						
Performance obligation satisfied at a point in time	<u>\$ 1,234,115</u>	<u>\$ 422,173</u>	<u>\$ 335,226</u>	<u>\$ 179,266</u>	<u>\$ 588,304</u>	<u>\$ 2,759,084</u>

Major products /Service line	Three Months Ended June, 2020					
	China	Taiwan	Japan	Malaysia	Others	Total
Electronic	\$ 993,423	\$ 152,287	\$ 192,775	\$ 158,963	\$ 184,978	\$ 1,682,426
Stationery	39,958	62,785	46,738	275	195,758	345,514
Others	-	15,946	-	39	-	15,985
Total	<u>\$ 1,033,381</u>	<u>\$ 231,018</u>	<u>\$ 239,513</u>	<u>\$ 159,277</u>	<u>\$ 380,736</u>	<u>\$ 2,043,925</u>
Timing of revenue recognition						
Performance obligation satisfied at a point in time	<u>\$ 1,033,381</u>	<u>\$ 231,018</u>	<u>\$ 239,513</u>	<u>\$ 159,277</u>	<u>\$ 380,736</u>	<u>\$ 2,043,925</u>

Major products /Service line	Six Months Ended June 30, 2021					
	China	Taiwan	Japan	Malaysia	Others	Total
Electronic	\$ 2,184,719	\$ 552,692	\$ 537,335	\$ 348,158	\$ 714,726	\$ 4,337,630
Stationery	107,684	223,502	86,918	2,949	398,451	819,504
Others	11,892	2,363	5,492	16,439	12,482	48,668
Total	<u>\$ 2,304,295</u>	<u>\$ 778,557</u>	<u>\$ 629,745</u>	<u>\$ 367,546</u>	<u>\$ 1,125,659</u>	<u>\$ 5,205,802</u>
Timing of revenue recognition						
Performance obligation satisfied at a point in time	<u>\$ 2,304,295</u>	<u>\$ 778,557</u>	<u>\$ 629,745</u>	<u>\$ 367,546</u>	<u>\$ 1,125,659</u>	<u>\$ 5,205,802</u>

Major products /Service line	Six Months Ended June 30, 2020					
	China	Taiwan	Japan	Malaysia	Others	Total
Electronic	\$ 1,710,627	\$ 271,406	\$ 424,581	\$ 337,288	\$ 538,977	\$ 3,282,879
Stationery	74,243	157,773	101,898	463	340,657	675,034
Others	-	21,213	-	56	-	21,269
Total	<u>\$ 1,784,870</u>	<u>\$ 450,392</u>	<u>\$ 526,479</u>	<u>\$ 337,807</u>	<u>\$ 879,634</u>	<u>\$ 3,979,182</u>
Timing of revenue recognition						
Performance obligation satisfied at a point in time	<u>\$ 1,784,870</u>	<u>\$ 450,392</u>	<u>\$ 526,479</u>	<u>\$ 337,807</u>	<u>\$ 879,634</u>	<u>\$ 3,979,182</u>

(3)The recognized contract liabilities arising from contracts with customers are as follows:

Items	June 30, 2021	December 31, 2020	June 30, 2020
Contract liabilities-current	<u>\$ 137,266</u>	<u>\$ 78,902</u>	<u>\$ 74,977</u>

6.26 PERSONNEL, DEPRECIATION AND AMORTIZATION EXPENSES

By nature	Three Months Ended June 30, 2021			Three Months Ended June 30, 2020		
	Cost of sales	Operating expense (include non-operating)	Total	Cost of sales	Operating expense (include non-operating)	Total
Personnel						
Salary	\$ 299,872	\$ 107,811	\$ 407,683	\$ 232,120	\$ 68,627	\$ 300,747
Labor insurance	23,764	5,874	29,638	18,590	6,439	25,029
Pension	13,457	3,225	16,682	6,917	2,873	9,790
Other	25,033	8,831	33,864	22,936	7,591	30,527
Depreciation	152,410	12,749	165,159	156,368	12,731	169,099
Amortization	561	3,434	3,995	688	3,598	4,286
Total	<u>\$ 515,097</u>	<u>\$ 141,924</u>	<u>\$ 657,021</u>	<u>\$ 437,619</u>	<u>\$ 101,859</u>	<u>\$ 539,478</u>

By nature	Six Months Ended June 30, 2021			Six Months Ended June 30, 2020		
	Cost of sales	Operating expense (include non-operating)	Total	Cost of sales	Operating expense (include non-operating)	Total
Personnel						
Salary	\$ 579,490	\$ 205,903	\$ 785,393	\$ 463,821	\$ 142,209	\$ 606,030
Labor insurance	45,748	13,026	58,774	38,774	12,864	51,638
Pension	24,713	7,208	31,921	17,373	5,972	23,345
Other	50,471	17,925	68,396	44,897	16,275	61,172
Depreciation	307,083	25,245	332,328	315,083	25,848	340,931
Amortization	1,187	8,661	9,848	1,049	9,524	10,573
Total	<u>\$ 1,008,692</u>	<u>\$ 277,968</u>	<u>\$ 1,286,660</u>	<u>\$ 880,997</u>	<u>\$ 212,692</u>	<u>\$ 1,093,689</u>

(1) In accordance with the Company's Article of incorporation, the Company is stipulated to distribute compensation of employees at the rate of 1.5% of profit before tax, and directors' and supervisors' remuneration at the rate not higher than 1.5% of profit before tax. For the three months and six months ended June 30, 2021, the employees' compensation were accrued at \$4,262 thousand and \$7,811 thousand, directors' and supervisors' remuneration were accrued at \$3,409 thousand and \$6,248 thousand. For the three months and six months ended June 30, 2020, the employees' compensation was accrued at \$932 thousand and \$1,864 thousand, directors' and supervisors' remuneration were accrued at \$752 thousand and \$1,491 thousand. The Company accrued employees' compensation and remuneration of directors and supervisors at the rates 1.5% and 1.2%, respectively, of net profit before income tax. If there is a change in the proposed amount after the annual financial statement are authorized for issue, the difference will be recorded as a change in accounting estimate and adjusted in the next fiscal year.

(2) The appropriations of employees' compensation and directors' and supervisors' remuneration for 2020 and 2019 have been approved by the board of directors held on March 9, 2021, and March 6, 2020, respectively. The amount of approved and recognized in financial statement is shown as follows:

	For Year 2020		For Year 2019	
	Employees' compensation	Directors' and supervisors' remuneration	Employees' compensation	Directors' and supervisors' remuneration
Amounts approved in meeting	\$ 6,537	\$ 5,229	\$ 9,347	\$ 7,478
Amounts recognized in respective financial statement	<u>6,537</u>	<u>5,229</u>	<u>9,347</u>	<u>7,478</u>

	For Year 2020		For Year 2019	
	Employees' compensation	Directors' and supervisors' remuneration	Employees' compensation	Directors' and supervisors' remuneration
Difference	\$ -	\$ -	\$ -	\$ -

The employee compensation of 2020 and 2019 are paid in cash.

(3) Information regarding employees' compensation and directors' and supervisors' remuneration is available from the Market Observation Post System at the website of the TWSE.

6.27 OTHER INCOME

Items	Three Months Ended June 30		Six Months Ended June 30	
	2021	2020	2021	2020
Rental income	\$ 156	\$ 88	\$ 262	\$ 175
Government subsidies	5,396	2,709	5,983	16,864
Dividend income	-	-	362	445
Others	4,382	2,485	6,637	3,882
Total	\$ 9,934	\$ 5,282	\$ 13,244	\$ 21,366

6.28 OTHER GAINS AND LOSSES

Items	Three Months Ended June 30		Six Months Ended June 30	
	2021	2020	2021	2020
Net gains (losses) on financial assets and liabilities at FVTPL	\$ 32	\$ 341	\$ 74	\$ (2,734)
Gain on disposal of property, plant and equipment	327	5,868	353	8,340
Impairment loss on Property, Plant and Equipment	(13,980)	-	(13,980)	-

Items	Three Months Ended June 30		Six Months Ended June 30	
	2021	2020	2021	2020
Foreign exchange gain (losses), net	\$ (16,956)	\$ (20,952)	\$ (29,514)	\$ (17,444)
Others	(498)	(65)	(1,326)	(325)
Total	<u>\$ (31,075)</u>	<u>\$ (14,808)</u>	<u>\$ (44,393)</u>	<u>\$ (12,163)</u>

6.29 FINANCIAL COSTS

Items	Three Months Ended June 30		Six Months Ended June 30	
	2021	2020	2021	2020
Interest expense				
Bank loans	\$ 15,186	\$ 13,971	\$ 29,688	\$ 28,297
Interest on lease liabilities	315	323	637	618
Less: capitalized amount for qualified assets	(1,323)	(372)	887	(686)
Financial costs	<u>\$ 14,178</u>	<u>\$ 13,922</u>	<u>\$ 29,438</u>	<u>\$ 28,229</u>
Interest capitalization rates	<u>0.67%~4.32%</u>	<u>1.44%~4.32%</u>	<u>0.67%~4.32%</u>	<u>1.44%~4.32%</u>

6.30 INCOME TAX

(1) Components of income tax expense:

Items	Three Months Ended June 30		Six Months Ended June 30	
	2021	2020	2021	2020
<u>Current income tax expense</u>				
Current tax expense (benefit) recognized in the current period	\$ 63,885	\$ (866)	\$ 120,917	\$ 24,065
Tax on undistributed surplus earnings	545	3,700	545	3,700
Income tax adjustments on prior years	46	(5,693)	1,320	(2,579)
Current tax	<u>64,476</u>	<u>(2,859)</u>	<u>122,782</u>	<u>25,186</u>
<u>Deferred income tax expense</u>				
The origination and reversal of temporary differences	8,245	26,307	926	9,073
Deferred tax	<u>8,245</u>	<u>26,307</u>	<u>926</u>	<u>9,073</u>

Items	Three Months Ended June 30		Six Months Ended June 30	
	2021	2020	2021	2020
Income tax expense recognized in profit or loss	\$ 72,721	\$ 23,448	\$ 123,708	\$ 34,259

The Group used each subsidiary as filed subjects for income tax. Income tax rate of the Company, Chao Shin Metal and TEC Brite Technology is 20%, and the tax rate for retained earnings is 5%. Tax rates used by other jurisdiction shall be based on related local tax laws.

(2) Income tax benefits (expenses) recognized in other comprehensive income were as follows:

Items	Three Months Ended June 30		Six Months Ended June 30	
	2021	2020	2021	2020
Exchange differences arising on translation of foreign operations	\$ (2,349)	\$ (6,347)	\$ (4,195)	\$ (8,624)
Financial assets at fair value through other comprehensive income	(2)	134	(127)	(45)
Total	\$ (2,351)	\$ (6,213)	\$ (4,322)	\$ (8,669)

(3) The income tax returns of the Company through 2018 and the income tax returns of Chao Shin Metal Industrial Corporation and TEC Brite Technology CO., LTD. through 2019 have examined by tax authority.

6.31 OTHER COMPREHENSIVE INCOME

Items	Three Months Ended June 30, 2021		
	Before tax	Income tax (expense) benefit	After tax
Items that will not be reclassified subsequently to profit or loss			
Unrealized gains (losses) on debt investments at fair value through other comprehensive income	\$ 336	\$ 2	\$ 338
Subtotal	336	2	338

Three Months Ended June 30, 2021

Items	Before tax	Income tax (expense) benefit	After tax
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of foreign operations	\$ (11,745)	\$ 2,349	\$ (9,396)
Subtotal	(11,745)	2,349	(9,396)
Total	\$ (11,409)	\$ 2,351	\$ (9,058)

Three Months Ended June 30, 2020

Items	Before tax	Income tax (expense) benefit	After tax
Items that will not be reclassified subsequently to profit or loss			
Unrealized gains (losses) on debt investments at fair value through other comprehensive income	\$ 518	\$ (134)	\$ 384
Subtotal	518	(134)	384
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of foreign operations	(31,736)	6,347	(25,389)
Subtotal	(31,736)	6,347	(25,389)
Total	\$ (31,218)	\$ 6,213	\$ (25,005)

Six Months Ended June 30, 2021

Items	Before tax	Income tax (expense) benefit	After tax
Items that will not be reclassified subsequently to profit or loss			
Unrealized gains (losses) on debt investments at fair value through other comprehensive income	\$ (201)	\$ 127	\$ (74)
Subtotal	(201)	127	(74)
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of foreign operations	(20,975)	4,195	(16,780)
Subtotal	(20,975)	4,195	(16,780)
Total	\$ (21,176)	\$ 4,322	\$ (16,854)

Six Months Ended June 30, 2020

Items	Six Months Ended June 30, 2020		
	Before tax	Income tax (expense) benefit	After tax
Items that will not be reclassified subsequently to profit or loss Unrealized gains (losses) on debt investments at fair value through other comprehensive income	\$ (372)	\$ 45	\$ (327)
Subtotal	(372)	45	(327)
Items that may be reclassified subsequently to profit or loss Exchange differences arising on translation of foreign operations	(43,120)	8,624	(34,496)
Subtotal	(43,120)	8,624	(34,496)
Total	\$ (43,492)	\$ 8,669	\$ (34,823)

6.32 EARNINGS PER SHARE

The earnings for earnings per share calculated and weighted average number of ordinary shares are as follows :

Items	Three Months Ended June 30		Six Months Ended June 30	
	2021	2020	2021	2020
Basic earnings per share				
Net income attributable to ordinary shareholders of the Company	\$ 224,214	\$ 69,482	\$ 409,245	\$ 118,062
Net income for calculating basic earnings per share	\$ 224,214	\$ 69,482	\$ 409,245	\$ 118,062
Weighted average shares outstanding (thousand shares)	182,140	182,140	182,140	182,140
Basic earnings per share (after tax) (in dollars)	\$ 1.23	\$ 0.38	\$ 2.25	\$ 0.65
Diluted earnings per share				
Net income attributable to ordinary shareholders of the Company	\$ 224,214	\$ 69,482	\$ 409,245	\$ 118,062
Net income for calculating diluted earnings per share	\$ 224,214	\$ 69,482	\$ 409,245	\$ 118,062
Weighted average shares outstanding (thousand shares)	182,140	182,140	182,140	182,140
Effect of dilutive potential common shares				
Employees' compensation (thousand shares)	34	38	91	96
Weighted average shares outstanding for diluted earnings per share (thousand shares)	182,174	182,178	182,231	182,236
Diluted earnings per share (after tax) (in dollars)	\$ 1.23	\$ 0.38	\$ 2.25	\$ 0.65

If the Company is able to settle the employee compensation by cash or stocks, the employee compensation should be assumed to be settled in stocks and the resulting potential shares increased should be included in the weighted average shares outstanding in calculation of diluted earnings per share, if the shares have a dilutive effect. Such dilutive effect of the potential shares needs to be included in the calculation of diluted earnings per share until employee compensation is approved in the following year.

7. RELATED PARTY TRANSACTIONS

Intercompany balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated upon consolidation; therefore, those items are not disclosed in this note. The following is a summary of transactions between the Company and other related parties:

(1) Related party name and categories

Related Party	Related Party Categories
NIPPON FILCON CO.,LTD.	Investors with significant influence over the Group
SJD Industries (M) Sdn. Bhd	Other related parties
SDI JAPAN CO., LTD.	Other related parties

Other related parties are related by blood within second degree of relationship to the representative and the chairman of the Company.

(2) Significant transactions between related parties

A. Revenue

Related Party	Three Months Ended June 30		Six Months Ended June 30	
	2021	2020	2021	2020
Investors with significant influence over the Group	\$ 2,000	\$ 818	\$ 3,922	\$ 1,394
Other related parties	11,867	8,347	21,708	20,998
Total	<u>\$ 13,867</u>	<u>\$ 9,165</u>	<u>\$ 25,630</u>	<u>\$ 22,392</u>

Selling prices between related parties were determined and negotiated referring to related market prices. Payment terms were ranging from T/T 60 to 240 days.

B. Purchases

Related Party	Three Months Ended June 30		Six Months Ended June 30	
	2021	2020	2021	2020
Investors with significant influence over the Group	\$ -	\$ 1,261	\$ 1,245	\$ 2,491

Related Party	Three Months Ended June 30		Six Months Ended June 30	
	2021	2020	2021	2020
Other related parties	\$ 923	\$ 1,536	\$ 2,397	\$ 1,668
Total	\$ 923	\$ 2,797	\$ 3,642	\$ 4,159

C. Receivables due from related parties

Items	Related Party	June 30, 2021	December 31, 2020	June 30, 2020
Accounts receivable	Investors with significant influence over the Group	\$ 1,353	\$ 202	\$ 201
	Other related parties	21,118	23,259	34,918
	Total	\$ 22,471	\$ 23,461	\$ 35,119
Other receivables	Other related parties	\$ 69	\$ -	\$ 1,200

D. Payables due to related parties

Items	Related Party	June 30, 2021	December 31, 2020	June 30, 2020
Accounts payable	Investors with significant influence over the Group	\$ 1,763	\$ -	\$ 2,282
	Other related parties	866	-	1,589
	Total	\$ 2,629	\$ -	\$ 3,871
Other payables	Other related parties	\$ 843	\$ 440	\$ 1,019

E. Other transactions

Items	Related Party	Three Months Ended June 30		Six Months Ended June 30	
		2021	2020	2021	2020
Consumable expenses	Investors with significant influence over the subsidiaries	\$ 1,733	\$ 1,130	\$ 2,176	\$ 1,130
	Total	\$ 1,733	\$ 1,130	\$ 2,176	\$ 1,130
Other income	Other related parties	\$ 65	\$ 71	\$ 145	\$ 139

F. Acquisition of property, plant and equipment

Related Party	Acquisition Price			
	Three Months Ended June 30		Six Months Ended June 30	
	2021	2020	2021	2020
Investors with significant influence over the Group	\$ 2,429	\$ 14,310	\$ 19,287	\$ 14,665

(3) Compensation of key management personnel

Items	Three Months Ended June 30		Six Months Ended June 30	
	2021	2020	2021	2020
Short-term employee benefits	\$ 15,309	\$ 6,849	\$ 27,601	\$ 14,799
Post-employment benefits	138	72	277	149
Total	\$ 15,447	\$ 6,921	\$ 27,878	\$ 14,948

8. PLEDGED ASSETS

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

Items	June 30, 2021	December 31, 2020	June 30, 2020
Pledge time deposits (recognized as other financial assets - current)	\$ 36,642	\$ 20,917	\$ 6,500
Restricted deposits (recognized as other financial assets - current)	25,404	24,332	15,614
Notes receivable (the banker's acceptance notes)	85,126	86,302	45,569
Refundable deposits (recognized as other non - current assets)	494	1,080	794
Total	\$ 147,666	\$ 132,631	\$ 68,477

9. SIGNIFICANT CONTINGENCY LIABILITIES AND UNRECOGNIZED COMMITMENTS

(1) Significant commitments

A. The unused letters of credit for purchasing raw materials and equipment as of June 30, 2021 is \$20,635 thousand.

B. Capital expenditures committed but not yet incurred are as follows :

Items	June 30, 2021	December 31, 2020	June 30, 2020
Property, plant, and equipment	\$ 621,166	\$ 331,818	\$ 423,200

10. **SIGNIFICANT DISASTERS: NONE.**

11. **SIGNIFICANT SUBSEQUENT EVENTS: NONE.**

12. **OTHERS**

12.1 Seasonality or periodicity of operations

The operation of the Group's is not influenced by seasonal or periodical factors.

12.2 Capital risk management

There were no changes to the Group's policies for capital risk management from those described in the consolidated financial statements for the year ended December 31, 2020. Please refer to Note 12.1 of the consolidated financial statements for the year ended December 31, 2020 for the related information.

12.3 Financial instruments

(1) Financial risks on financial instruments

Financial risk management policies

The Group's activities are exposed to a variety of financial risks. These financial risks included market risk (i.e. foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall risk management strategy focuses on the unpredictability of financial markets and seeks to mitigate potential adverse effects on its financial performance.

The Group's material financial activities are approved by the Board of Directors in accordance with relevant requirements and internal control mechanism, which requires the Group to comply with its financial operating policies and procedures that provide guiding principles for the overall financial risk management and accountability and separation of duties.

Significant financial risks and degrees of financial risk

A. Market risk

a. Foreign exchange risk

- i. There were no significant changes in the nature and degree of material financial risk from those described in the consolidated financial statements for the year ended December 31, 2020. Please refer to Note 12.2 of the consolidated financial statements for the year ended December 31, 2020 for the related information.

ii. Sensitivity analysis of foreign currency risk

June 30, 2021					
		Foreign Currency	Exchange Rate	New Taiwan Dollars	
<u>Financial Assets</u>					
Monetary Items					
USD	\$	72,145	27.86	\$	2,009,960
JPY		212,506	0.25		53,583
<u>Financial Liabilities</u>					
Monetary Items					
USD		46,673	27.86		1,300,305
JPY		248,920	0.25		62,765

December 31, 2020					
Items		Foreign Currency	Exchange Rate	New Taiwan Dollars	
<u>Financial Assets</u>					
Monetary Items					
USD	\$	57,224	28.48	\$	1,629,746
JPY		169,021	0.28		46,759
<u>Financial Liabilities</u>					
Monetary Items					
USD		27,074	28.48		771,063
JPY		129,306	0.28		35,772

June 30, 2020					
Items		Foreign Currency	Exchange Rate	New Taiwan Dollars	
<u>Financial Assets</u>					
Monetary Items					
USD	\$	57,483	29.63	\$	1,703,221
JPY		250,987	0.28		69,109
<u>Financial Liabilities</u>					
Monetary Items					
USD		27,528	29.63		815,657
JPY		65,583	0.28		18,058

Foreign currency risks of the Group are mainly exposed to US dollar and JPY. The sensitivity analysis for the Group is 1% increase/decrease in NTD against

the relevant foreign currencies. 1% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 1% change in foreign currency rates. An increase/decrease in profit before tax would be resulted where the NTD strengthens/weakens 1% against the relevant currency with all other variables held constant in the amounts of \$7,005 thousand and \$9,386 thousand for the six months ended June 30, 2021 and 2020, respectively.

b. Price risk

The Group is exposed to the price risk of funds and unlisted equity securities because these equity investments held by the Group are classified as financial assets at fair value through profit, loss or financial assets at fair value through other comprehensive income.

The Group mainly invests in funds and equity instrument of unlisted stocks. The prices of funds and equity instrument of unlisted stocks would change due to the uncertainty of the future value.

If the prices of these equity securities had increased/decreased by 1%, the profit before tax and other comprehensive income before tax would have increased/decreased by \$574 thousand, \$167 thousand, \$572 thousand and \$168 thousand for the six months ended June 30, 2021 and 2020, respectively, due from increase/decrease in fair value.

c. Interest rate risk

The carrying amounts of interest - bearing financial instruments held by the Group as of the reporting date are as follows:

Items	Carrying Amounts		
	June 30, 2021	December 31, 2020	June 30, 2020
Fair value interest rate risk			
Financial assets	\$ 794	\$ 1,880	\$ 1,293
Financial liabilities	(9,994)	(9,985)	(9,998)
Net	\$ (9,200)	\$ (8,105)	\$ (8,705)
Cash flow interest rate risk			
Financial assets	\$ 703,730	\$ 802,088	\$ 992,610
Financial liabilities	(2,409,687)	(2,359,040)	(2,450,622)
Net	\$ (1,705,957)	\$ (1,556,952)	\$ (1,458,012)

Sensitivity analysis for instruments with fair value interest rate risk

The Group does not classify any fixed-rate instruments as financial assets measured at fair value through profit and loss. In addition, the Group does not designate derivatives as hedge instruments under the fair value hedge accounting model. Therefore, the change in interest rate on the reporting date has no effect on profit or loss and other comprehensive income.

Sensitivity analysis for instruments with cash flow interest rate risk

The effective interest rates for the Group's floating interest rate financial instruments are susceptible to the market interest rate. If the market interest rate increases/decreases 1%, the profit before tax will increase/decrease \$8,530 thousand and \$7,290 thousand for the six months ended June 30, 2021 and 2020, respectively.

B. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group is exposed to credit risk from operation activities, primarily trade receivable, and from investing activities, primarily bank deposits and other financial instruments. Credit risk is managed separately for business related and financial related exposures.

(a) Business - related credit risk

In order to maintain the credit quality of the trade receivables, the Group has established procedures to monitor and limit exposure to credit risk on trade receivables. Credit evaluation is performed taking into account relevant factors that may affect a customer's paying ability, such as the customer's financial condition and historical transaction records, internal and external credit rating and economic conditions.

The Group does not hold any collateral or other credit enhancement to hedge against the credit risk of financial assets.

(b) Financial credit risk

The Group's exposure to financial credit risk pertaining to bank deposits and other financial instruments was evaluated and monitored by the Group's treasury function. The Group only transacts with creditworthy counterparties and banks; therefore, no significant financial credit risk was identified.

i. Credit concentration risk

As of June 30, 2021 and December 31, 2020 and June 30, 2020, the proportion of the accounts receivable exceeds 10% of the total accounts receivable, representing 15%, 12% and 13%, respectively. The credit concentration risk associated with other accounts receivable is relatively insignificant.

ii. Measurement of expected credit losses

- (i) Accounts receivable: The Group applies simplified approach to accounts receivable. Please refer to Note 6.4 for more information.
- (ii) The criteria used to determine whether credit risk has increased significantly: The Group considered credit factors and reviewed relevant information associated with debtors to assess whether credit risks on financial instruments have increased significantly since initial recognition
- iii. Holding collateral and other credit enhancement to hedge against credit risk of financial assets: None.
- iv. Credit risk of financial assets measured at amortized cost
Please refer to Note 6.4 for information on the Group's credit exposures associated with notes receivable and accounts receivable. Other financial instruments amortized at cost, such as cash and cash equivalents and other receivables, have low credit losses; therefore, the loss allowance for those instruments is measured at an amount equal to 12-month expected credit losses. After assessment, the Group determined that no material impairment occurred.

C. Liquidity risk

(a) Liquidity risk management

The objective of the Group's management of liquidity risk is to maintain sufficient cash and cash equivalents, highly liquid securities, and banking facilities to ensure that the Group has sufficient financial flexibility for its operations.

(b) Maturity analysis for financial liabilities

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities:

Non-derivative Financial Liabilities	June 30, 2021				
	Within 1 year	1-5 years	Over 5 years	Contract cash flows	Carrying amounts
Short-term loans	\$ 816,458	\$ -	\$ -	\$ 816,458	\$ 807,592
Short-term notes and bills payable	10,013	-	-	10,013	9,994
Notes payable	195,461	-	-	195,461	195,461
Accounts payable	1,300,444	-	-	1,300,444	1,300,444
Other payables	550,309	-	-	550,309	550,309
Lease liabilities	10,947	33,033	68,327	112,307	103,197
Long-term loan (include current portion)	158,485	1,453,621	41,365	1,653,471	1,602,095
Guarantee deposits	-	-	3,689	3,689	3,689
Total	\$ 3,042,117	\$ 1,486,654	\$ 113,381	\$ 4,642,152	\$ 4,572,781

Further information on maturity analysis for lease liabilities

June 30, 2021						
	Within 1 year	1-5 years	5-10 years	10-15 years	15-20 years	Total undiscounted lease payments
Lease liabilities	\$ 10,947	\$ 33,033	\$ 30,410	\$ 31,900	\$ 6,017	\$ 112,307

December 31, 2020					
Non-derivative Financial Liabilities	Within 1 year	1-5 years	Over 5 years	Contract cash flows	Carrying amounts
Short-term loans	\$ 799,360	\$ -	\$ -	\$ 799,360	\$ 788,562
Short-term notes and bills payable	10,000	-	-	10,000	9,985
Notes payable	105,124	-	-	105,124	105,124
Accounts payable	830,196	-	-	830,196	830,196
Other payables	479,805	-	-	479,805	479,805
Lease liabilities	11,455	35,295	71,258	118,008	108,260
Long-term loan (include current portion)	164,741	1,368,342	85,545	1,618,628	1,570,478
Guarantee deposits	-	-	5,430	5,430	5,430
Total	\$ 2,400,681	\$ 1,403,637	\$ 162,233	\$ 3,966,551	\$ 3,897,840

Further information on maturity analysis for lease liabilities

December 31, 2020						
	Within 1 year	1-5 years	5-10 years	10-15 years	15-20 years	Total undiscounted lease payments
Lease liabilities	\$ 11,455	\$ 35,295	\$ 30,247	\$ 31,712	\$ 9,299	\$ 118,008

June 30, 2020					
Non-derivative Financial Liabilities	Within 1 year	1-5 years	Over 5 years	Contract cash flows	Carrying amounts
Short-term loans	\$ 680,190	\$ -	\$ -	\$ 680,190	\$ 670,817
Short-term notes and bills payable	10,000	-	-	10,000	9,998
Notes payable	44,309	-	-	44,309	44,309
Accounts payable	797,345	-	-	797,345	797,345
Other payables	470,739	-	-	470,739	470,739
Lease liabilities	11,085	37,565	74,173	122,823	112,457

Non-derivative Financial Liabilities	June 30, 2020				
	Within 1 year	1-5 years	Over 5 years	Contract cash flows	Carrying amounts
Long-term loan (include current portion)	\$ 109,260	\$ 1,622,138	\$ 102,791	\$ 1,834,189	\$ 1,779,805
Guarantee deposits	-	8,657	-	8,657	8,657
Total	\$ 2,122,928	\$ 1,668,360	\$ 176,964	\$ 3,968,252	\$ 3,894,127

Further information on maturity analysis for lease liabilities

	June 30, 2020					Total undiscounted lease payments
	Within 1 year	1-5 years	5-10 years	10-15 years	15-20 years	
Lease Liabilities	\$ 11,085	\$ 37,565	\$ 30,069	\$ 31,524	\$ 12,580	\$ 122,823

The Group does not expect that the cash flows would occur significantly earlier or at significantly different amounts from those indicated in the data.

12.4 Types of Financial instruments

	June 30, 2021	December 31, 2020	June 30, 2020
<u>Financial assets</u>			
Financial assets at fair value			
through profit or loss- current	\$ 57,376	\$ 57,302	\$ 57,185
Financial assets measured at amortized cost (Note 1)	3,012,165	2,751,756	2,752,562
Financial assets at fair value through other comprehensive income- noncurrent	16,697	16,898	16,846
<u>Financial liability</u>			
Financial liabilities measured at amortized cost (Note 2)	4,469,584	3,798,580	3,781,670

Note 1: The balances included financial assets measured at amortized cost, which comprise cash and cash equivalents, notes receivable, accounts receivable, other receivable and refundable deposits.

Note 2: The balances included financial liabilities measured at amortized cost, which comprise short-term loan, short-term notes and bills payable, accounts payable, other payables, long-term loan (include current portion) and guarantee deposits received.

12.5 Fair value information of financial instruments

(1) Definition of fair value measurements are grouped into Level 1 to 3 as follows:

Level 1: Relevant inputs are quoted prices in active markets for identical assets or liabilities that the entity can access on the measurement date.

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

Level 3: Inputs are unobservable inputs that used to measure fair value to the extent when relevant observable inputs are not available.

(2) Financial instruments that are not measured at fair value

The fair value of the Group's financial instruments not measured at fair value including cash and cash equivalents, accounts receivable, other financial assets, refundable deposits, short-term loan, accounts payables, long-term loan (including current portion) and other financial liabilities approximate their fair value.

(3) Financial instruments that are measured at fair value:

The financial instruments that are measured at fair value on a recurring basis, the information of fair value is as follow:

Items	June 30, 2021			
	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at FVTPL				
Funds	\$ 57,376	\$ -	\$ -	\$ 57,376
Financial assets at FVTOCI				
Equity instruments				
Unlisted stocks	-	-	16,697	16,697
Total	\$ 57,376	\$ -	\$ 16,697	\$ 74,073

Items	December 31, 2020			
	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				

Items	December 31, 2020			
	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Funds	\$ 57,302	\$ -	\$ -	\$ 57,302
Financial assets at FVTOCI				
Equity instruments				
Unlisted stocks	-	-	16,898	16,898
Total	\$ 57,302	\$ -	\$ 16,898	\$ 74,200

Items	June 30, 2020			
	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at FVTPL				
Funds	\$ 57,185	\$ -	\$ -	\$ 57,185
Financial assets at FVTOCI				
Equity instruments				
Unlisted stocks	-	-	16,846	16,846
Total	\$ 57,185	\$ -	\$ 16,846	\$ 74,031

- (4) The methods and assumptions the Group used to measure fair value are as follows:
- A. The Group measures the fair values of its financial instruments with an active market using their quoted prices in the active market.
 - B. Fair value of equity investment of unlisted stocks without active market was estimated through the market approach that is mainly referenced to the same type of companies' evaluation, quotes from third parties, net assets and state of operation. The significant and unobservable input parameter for assessing the unlisted stocks mainly relates to liquidity discount rate. Since the possible changes of liquidity discount rate may not cause significant influence on financial standing, the quantitative information will not be disclosed.
 - C. Fair value of other financial assets and financial liabilities (except for aforementioned) are determined in accordance with generally accepted pricing model based on the discounted cash flow analysis.
- (5) Transfer between Level 1 and Level 2 of the fair value hierarchy: none.
- (6) Changes in level 3 instruments:

Items	Six Months Ended June 30	
	2021	2020
<u>Financial assets at FVTOCI</u>		
Beginning Balance	\$ 16,898	\$ 17,218
Gains or losses recognized in other comprehensive income	(201)	(372)
Effect of exchange rate difference	-	-
Ending Balance	\$ 16,697	\$ 16,846

13. SUPPLEMENTARY DISCLOSURES

13.1 Significant transactions information (before inter-company eliminations):

- (1)Financings provided to others: None;
- (2)Endorsement and guarantee provided to others: Please see Table 1 attached;
- (3)Marketable securities held (excluding investments in subsidiaries, associates and joint ventures at the end of the period): Please see Table 2 attached;
- (4)Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None;
- (5)Acquisition of individual real estate properties at costs of at least NT\$300 million or 20% of the paid-in capital: Please see Table 3 attached;
- (6)Disposal of individual real estate properties at prices of at least NT\$300 million or 20% of the paid-in capital: None;
- (7)Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital: Please see Table 4 attached;
- (8)Receivables from related parties amounting to at least NT\$100 million or 20% of the paid- in capital: None;
- (9)Information on the derivative instrument transactions: None;
- (10)The business relationship between the parent and the subsidiaries and significant transaction between then: Please see Table 5 attached;

13.2 Information on investees (before inter-company eliminations): Please see Table 6 attached;

13.3 Information on investment in Mainland China (before inter-company eliminations):

- (1)The name of the investee in Mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, income (losses) of the investee, ending balance, amount received as dividends from the investee, and the limitation on investee: Please see Table 7 attached;
- (2)Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gain or loss, and other related information which is helpful to

understand the impact of investment in Mainland China on financial reports: Please see Table 5 attached.

13.4 Information of major shareholder (Names, number of shares and ownership of shareholders whose equity interest is greater than 5%): Please see Table 8 attached.

14. SEGMENT INFORMATION

14.1 General information

For the purpose of management, the chief operating decision maker of the Group separates its operations based on different products and have two reportable segments: Stationary segment and electronic segment.

14.2 Measurement basis

Management monitors the operation results of its segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss before tax and is measured consistently with profit or loss before tax in the consolidated financial statements. Furthermore, the information of assets and liabilities do not report to chief operating decision maker for operation decision making, segment assets and liabilities are not disclosed. The accounting policies for reportable segments are the same as Group's accounting policies described in Note 4.

14.3 Segment information

The segment information provided to the chief operating decision-maker:

Items	Six Months Ended June 30, 2021				
	Electronic	Stationery	Others	Eliminations	Total
Revenue					
Revenue from external customers	\$ 4,337,630	\$ 819,504	\$ 59,765	\$ -	\$ 5,216,899
Revenue from intersegments	311,784	268,117	20,650	(600,551)	-
	<u>\$ 4,649,414</u>	<u>\$ 1,087,621</u>	<u>\$ 80,415</u>	<u>\$ (600,551)</u>	<u>\$ 5,216,899</u>
Interest expenses	\$ 21,946	\$ 7,492	\$ -	\$ -	\$ 29,438
Depreciation ,amortization and impairment	\$ 299,703	\$ 44,904	\$ 11,549	\$ -	\$ 356,156
Segment income (loss)	<u>\$ 452,876</u>	<u>\$ 86,967</u>	<u>\$ 8,028</u>	<u>\$ -</u>	<u>\$ 547,871</u>
Income (loss) before tax					\$ 547,871
Total assets					<u>\$ 11,727,661</u>

Six Months Ended June 30, 2020

Items	Electronic	Stationery	Others	Eliminations	Total
Revenue					
Revenue from external customers	\$ 3,282,879	\$ 675,034	\$ 30,656	\$ -	\$ 3,988,569
Revenue from intersegments	296,163	241,680	12,182	(550,025)	-
	<u>\$ 3,579,042</u>	<u>\$ 916,714</u>	<u>\$ 42,838</u>	<u>\$ (550,025)</u>	<u>\$ 3,988,569</u>
Interest expenses	\$ 21,598	\$ 6,631	\$ -	\$ -	\$ 28,229
Depreciation and amortization	\$ 294,622	\$ 48,022	\$ 8,860	\$ -	\$ 351,504
Segment income (loss)	\$ 99,992	\$ 75,405	\$ 5,466	\$ -	\$ 180,863
Income (loss) before tax					\$ 180,863
Total assets					\$ 10,526,937

14.4 Reconciliation for segment income (loss)

The segment revenue and segment income (loss) reported to the chief operating decision maker is measured in a manner consistent with that in the consolidated statements of comprehensive income.

SDI CORPORATION AND SUBSIDIARIES
ENDORSEMENTS / GUARANTEES PROVIDED
FOR THE SIX MONTHS ENDED JUNE 30, 2021

TABLE 1

Amounts in Thousands of New Taiwan Dollars

No.	Endorsement /Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement /Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement / Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement /Guarantee Amount Allowable	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Remarks
		Name	Nature of Relationship											
0	SDI	SDI	(3)	\$ 2,732,555	\$ 1,322,114	\$ 1,322,114	\$ 868,032	\$ -	21.77%	\$ 3,036,172	Y	N	Y	
		(JIANGSU)			USD 32,750 RMB 95,000	USD 32,750 RMB 95,000								

Note 1 : The numbers filled in for the financing company represent the following :

(1) The Company is '0'.

Note 2 : Relationships between the endorser/guarantor and the party being endorsed/guaranteed :

(1) Trading parties.

(2) The Company direct and indirect owns over 50% ownership of subsidiaries.

(3) The Company and its subsidiaries own over 50% ownership of the investee company.

Note 3 : The total amount of the guarantee provided by SDI to any individual entity shall not exceed 45% of Company's net worth.

Note 4 : The total amount of guarantee shall not exceed 50% of Company's net worth.

Note 5 : "Y" represents the endorsement and guarantee provide by listed parent company to subsidiaries, subsidiaries to listed parent company, or take place in Mainland China.

SDI CORPORATION AND SUBSIDIARIES
MARKETABLE SECURITIES HELD (excluding investments in subsidiaries and associates)
JUNE 30, 2021

TABLE 2

Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	JUNE 30, 2021				Remarks
				Shares/Units (In Thousands)	Carrying Value	Percentage of Ownership	Fair Value	
TEC Brite Technology	Jih Sun Money Market Fund	—	Financial Assets at Fair Value through Profit or Loss – Current	2,587	\$ 38,726	-	\$ 38,726	
	Capital Money Market Fund	—	Financial Assets at Fair Value through Profit or Loss – Current	1,145	18,650	-	18,650	
SDI	Chang Hwa Golf Club	—	Financial Assets at Fair Value through Other Comprehensive Income – Noncurrent	90	8,060	0.24%	8,060	
	SDI ELECTRONICS JAPAN CO., LTD	—	Financial Assets at Fair Value through Other Comprehensive Income – Noncurrent	30	5,721	15.00%	5,721	
	SDI JAPAN CO.,LTD.	—	Financial Assets at Fair Value through Other Comprehensive Income – Noncurrent	200	2,916	19.61%	2,916	

SDI CORPORATION AND SUBSIDIARIES
ACQUISITION OF INDIVIDUAL REAL ESTATE PROPERTIES AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE SIX MONTHS ENDED JUNE 30, 2021

TABLE 3

Amounts in Thousands of New Taiwan Dollars

Company Name	Types of Property	Date of Occurrence (Note 1)	Transaction Amount	Payment Term	Counter-party	Nature of Relationships	Prior Transaction of Related Counter-party				Price Reference	Purpose of Acquisition	Other Terms
							Owner	Relationships	Transfer Date	Amount			
SDI	Building H construction (Nantou)	November 8, 2019	\$ 314,500	\$ 188,700	Hsing Ya Construction Engineering Co., Ltd.	—	—	—	—	\$ -	Price comparison and price negotiation	Plant expansion	—
SDI	Land and plant (Note 2)	March 30, 2021	\$ 323,700	32,370	Koan Hao Technology Co., Ltd.	—	—	—	—	-	Price comparison and price negotiation	Capacity expansion and warehousing purpose	—

Note 1: Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier.

Note 2: SDI purchased land and plants from Koan Hao Technology Co., Ltd. Please refer to Note 9(1).B for further information.

SDI CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE SIX MONTHS ENDED JUNE 30, 2021

TABLE 4

Amounts in Thousands of New Taiwan Dollars

Company Name	Related Party	Nature of Relationships	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Remarks
			Purchases/Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
SDI Jiangsu	SDI	The ultimate parent of the Company	Sales	\$ 340,929	23.54%	As prescribed by the agreement	—	—	\$ 60,002	7.91%	Note 1

Note 1: All the transactions had been eliminated when preparing consolidated financial report.

SDI CORPORATION AND SUBSIDIARIES
SUBSIDIARIES INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY
TRANSACTIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2021

TABLE 5 Amounts in Thousands of New Taiwan Dollars

No. (Note 1)	Company Name	Counter Party	Nature of Relationship (Note 2)	Intercompany Transactions			
				Financial Statements Item	Amount	Terms	Percentage of Consolidated Net Revenue or Total Assets
0	SDI	Chao Shin Metal	1	Sales revenue	\$ 7,370	Note 3	0.14%
		Chao Shin Metal	1	Accounts receivable	1,436	Note 3	0.01%
		Chao Shin Metal	1	Other receivables	189	—	—
		TEC Brite Technology	1	Sales revenue	8	Note 3	—
		TEC Brite Technology	1	Accounts receivable	5	Note 3	—
		TEC Brite Technology	1	Other receivables	8,385	Note 3	0.07%
		SDI (JIANGSU)	1	Sales revenue	83,633	Note 3	1.60%
		SDI (JIANGSU)	1	Accounts receivable	82,928	Note 3	0.71%
		SDI (JIANGSU)	1	Other receivables	1,695	—	0.01%
1	SDI (JIANGSU)	SDI	2	Sales revenue	340,929	Note 3	6.54%
		SDI	2	Accounts receivable	68,657	Note 3	0.59%
2	Chao Shin Metal	SDI	2	Sales revenue	10,775	Note 3	0.21%
		SDI	2	Processing income	3,270	Note 3	0.06%
		SDI	2	Accounts receivable	3,732	Note 3	0.03%
		SDI (JIANGSU)	3	Sales revenue	64,443	Note 3	1.24%
		SDI (JIANGSU)	3	Accounts receivable	47,121	Note 3	0.40%
		SDI (JIANGSU)	3	Other receivables	—	—	—
3	TEC Brite Technology	SDI	2	Sales revenue	90,123	Note 3	1.73%
		SDI	2	Accounts receivable	69,034	Note 3	0.59%

Note 1: The numbers filled in for the transaction company represent the follows:

(1) Parent company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationships between transaction companies and counter parties are classified into the following three categories as listed below :

'1' represents parent company to subsidiary.

'2' represents subsidiary to parent company.

'3' represents subsidiary to subsidiary.

Note 3: Sale price with related parties were determined and negotiated referring to related market price.

Note 4: All the transactions had been eliminated when preparing consolidated financial report.

SDI CORPORATION AND SUBSIDIARIES
 INFORMATION ON INVESTEEES
 JUNE 30, 2021

TABLE 6

Amounts in Thousands of New Taiwan Dollars

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of June 30, 2021			Net Income(Losses) of the Investee	Share of Profits/Losses of Investee	Remarks
				June 30, 2021	December 31, 2020	Shares/Units (In Thousands)	Percentage of Ownership	Carrying Value			
SDI	CHAO SHIN METAL INDUSTRIAL CORP.	Taiwan	Smelting and rolling of metal strips	\$ 106,953	\$ 106,953	14,810	84.62%	\$ 248,146	\$ 14,795	\$ 11,117	Note 1, 2
SDI	TEC BRITE TECHNOLOGY CO., LTD	Taiwan	Manufacturing of electronic components and international trade	98,969	98,969	9,897	54.98%	321,086	32,872	16,142	Note 1, 2
SDI	SHUEN DER (B.V.I.)	BVI	Holding Company	759,334	759,334	8,920	100.00%	1,702,953	39,887	34,593	Note 1, 2, 3

Note 1 : All the transactions had been eliminated when preparing consolidated financial report.

Note 2 : The difference of the shares of profits/losses of investee is recognized as unrealized gross profit.

Note 3 : Please refer to Table 7 for information of investees of China Mainland.

SDI CORPORATION AND SUBSIDIARIES
 INFORMATION ON INVESTMENT IN MAINLAND CHINA
 FOR THE SIX MONTHS ENDED JUNE 30, 2021

TABLE 7

Amounts in Thousands of New Taiwan Dollars

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2021	Net Income (Losses) of the Investee Company	Percentage of Ownership	Shares of Profits/Losses	Carrying Amount as of June 30, 2021	Accumulated Inward Remittance of Earnings as of June 30, 2021	Remarks
					Outflow	Inflow							
SDI Jiangsu	Manufacture, process and sales of integrated circuit frame, blades, stationary, etc.	NTD 975,100	Note 1	NTD 640,780	NTD -	NTD -	NTD 640,780	NTD 39,896	100.00%	NTD 39,896	NTD 1,737,514	NTD -	
		USD 35,000		USD 23,000			USD 23,000	USD 1,416					

Accumulated Investment in Mainland China as of June 30, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
NTD 640,780	NTD 975,100	NTD 3,826,989
USD 23,000	USD 35,000	

Note 1 : Reinvesting in the Mainland China through third-region companies.

Note 2 : Amounts was recognized based on reviewed financial statements.

Note 3 : Foreign currencies aforementioned are translated into NTD using the exchange rate at the reporting date or average exchange rate for the six months ended June 30, 2021.

Note 4 : All the transactions had been eliminated when preparing consolidated financial report.

SDI CORPORATION AND SUBSIDIARIES
 INFORMATION OF MAJOR SHAREHOLDERS
 JUNE 30, 2021

TABLE 8

Shareholders	Shares	
	Total Shares Owned	Ownership Percentage
Chen, Wei Te	10,327,690	5.67%

Note 1: The information of major shareholders is based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (included treasury shares) by the Company as of June 30, 2021. The share capital in consolidated financial report may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.