

**NISHOKU TECHNOLOGY INC.
AND ITS SUBSIDIARIES**

CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021 and 2020
(With Independent Auditors' Review Report Thereon)

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

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Independent Auditors' Review Report

To the Board of Directors of Nishoku Technology Inc.:

Introduction

We have reviewed the consolidated financial statements of Nishoku Technology Inc. and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as of June 30, 2021 and 2020, and the consolidated statements of comprehensive income, changes in equity and cash flows for the three months and six months ended June 30, 2021 and 2020. Management are 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 the International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued by the Financial Supervisory Commission of the Republic of China. Our responsibility is to issue a report on these consolidated interim financial statements based on our review.

Scope of Review

Except as described in basis of opinion, we conducted our reviews in accordance with Statement on Auditing Standard 65, "Engagements to Review Financial Statements". A review consists principally of inquiries of the Group's personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with the generally accepted auditing standards, the objective of which is the expression of an opinion regarding the consolidated interim financial statements taken as a whole. Accordingly, we do not express such an opinion.

Basis of opinion

Included in the accompanying consolidated interim financial statements are the financial statements of certain consolidated subsidiaries, which were not reviewed by independent accountants. These consolidated subsidiaries had total assets of \$153,592 thousand and \$620,094 thousand constituting 2% and 8% of the Group's consolidated total assets as of June 30, 2021 and 2020, respectively; total liabilities of \$46,455 thousand and \$244,162 thousand constituting 1% and 7% of the Group's consolidated total liabilities as of June 30, 2021 and 2020, respectively; comprehensive income of \$2,308 thousand and \$20,050 thousand and \$2,327 thousand and \$48,838 thousand constituting 2% and 19% and 1% and 11% of the Group's consolidated comprehensive income for the three months and six months ended June 30, 2021 and 2020, respectively.

Conclusion

Based on our reviews, except for the effects of the adjustments, if any, as might have been determined to be necessary had the financial statements of some equity method investees as described in basis of opinion above been reviewed by independent accountants, we are not aware of any material modifications that should be made to the consolidated interim financial statements referred to in the first paragraph in order for them to be in conformity with the Regulations Governing the

Notes to Readers

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

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

Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34 “ Interim Financial Reporting” endorsed by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the review resulting in this independent auditor’s report are Cheng-Chien Chen and Sheng-Ho Yu.

KPMG

Taipei, Taiwan (Republic of China)

Jul. 29, 2021

Notes to Readers

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Reviewed only, not audited in accordance with generally accepted auditing standards
NISHOKU TECHNOLOGY INC. AND ITS SUBSIDIARIES
Consolidated Statements of Comprehensive Income

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For the three months and six months ended June 30, 2021 and 2020

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

	Three months ended June 30,				Six months ended June 30,			
	2021		2020		2021		2020	
	Amount	%	Amount	%	Amount	%	Amount	%
4110 Operation Revenues (notes 6(q))	\$ 1,202,147	102	1,118,395	101	2,629,496	102	1,763,754	102
4170 Less: Sales returns and allowance	27,629	2	11,460	1	50,687	2	31,801	2
Net Operating revenues	1,174,518	100	1,106,935	100	2,578,809	100	1,731,953	100
5000 Operating costs (notes 6(d), (f),(g) ,(l),12)	864,140	74	755,488	68	1,837,333	71	1,267,955	73
Gross profit from operations	310,378	26	351,447	32	741,476	29	463,998	27
6000 Operating expenses (notes 6(c), (f), (g) , (l) , (o),(r) and 12)								
6100 Selling expenses	15,032	1	11,058	1	33,496	1	26,503	2
6200 Administrative expenses	79,190	7	74,730	7	157,157	6	147,739	9
6300 Research and development expenses	23,692	2	21,256	2	48,798	2	39,599	2
6450 Expected credit loss (gain)	(12)	-	974	-	(26)	-	1,244	-
	117,902	10	108,018	10	239,425	9	215,085	13
Net operating income	192,476	16	243,429	22	502,051	20	248,913	14
Non-operating income and expenses:								
7010 Other income (notes 6(s))	22,293	2	24,043	2	35,073	1	48,512	3
7020 Other gains and losses, net (notes 6(t))	(90,550)	(8)	(29,000)	(3)	(64,016)	(3)	82	-
7050 Finance costs, net(notes 6(k))	(4,824)	-	(4,885)	-	(9,902)	-	(11,062)	-
Total non-operating income and expenses	(73,081)	(6)	(9,842)	(1)	(38,845)	(2)	37,532	3
7900 Profit from continuing operations before tax	119,395	10	233,587	21	463,206	18	286,445	17
7950 Less: Tax expense (note 6(m))	44,487	4	(1,367)	-	170,419	7	12,665	1
Profit	74,908	6	234,954	21	292,787	11	273,780	16
8300 Other comprehensive income:								
8360 Components of other comprehensive income that will be reclassified to profit or loss								
8361 Exchange differences on translation	(43,906)	(4)	(91,944)	(8)	(78,181)	(3)	(122,411)	(7)
8399 Income tax related to components of other					15,636	1	24,482	1

See accompanying notes to consolidated financial statements.

	Three months ended June 30,				Six months ended June 30,			
	2021		2020		2021		2020	
	Amount	%	Amount	%	Amount	%	Amount	%
comprehensive income that will be reclassified to profit or loss (note 6(m))	8,781	1	18,389	2				
8300 Other comprehensive income, net	(35,125)	(3)	(73,555)	(6)	(62,545)	(2)	(97,929)	(6)
8500 Total comprehensive income	\$ 39,783	3	161,399	15	230,242	9	175,851	10
Profit, attributable to:								
8610 Profit, attributable to owners of parent	\$ 74,908	6	234,954	21	292,787	11	273,780	16
Comprehensive income attributable to:								
8710 Comprehensive income, attributable to owners of parent	\$ 39,783	3	161,399	15	230,242	9	175,851	10
Basic earnings per share								
9750 Basic earnings per share (NT dollars) (note 6(p))	\$ 1.20		3.77		4.68		4.39	
9850 Diluted earnings per share (NT dollars) (note 6(p))	\$ 1.19		3.76		4.67		4.37	

See accompanying notes to consolidated financial statements.

Reviewed only, not audited in accordance with generally accepted auditing standards
NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity
For the six months ended June 30, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent						Total other equity interest Exchange differences on translation of foreign financial statements	Total equity attributable to owners of parent	Total equity
	Share capital		Capital surplus	Retained earnings					
	Ordinary shares	Advance receipts for share capital		Legal reserve	Special reserve	Unappropriated retained earnings			
Balance at January 1, 2020	\$ 622,962	-	959,124	504,367	199,839	1,994,985	(337,817)	3,943,460	3,943,460
Profit for the six months ended June 30, 2020	-	-	-	-	-	273,780	-	273,780	273,780
Other comprehensive income for the six months ended June 30, 2020	-	-	-	-	-	-	(97,929)	(97,929)	(97,929)
Total comprehensive income for the six months ended June 30, 2020	-	-	-	-	-	273,780	(97,929)	175,851	175,851
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	-	33,762	-	(33,762)	-	-	-
Special reserve appropriated	-	-	-	-	137,978	(137,978)	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(249,185)	-	(249,185)	(249,185)
Stock option compensation cost	-	-	822	-	-	-	-	822	822
Balance at June 30, 2020	622,962	-	959,946	538,129	337,817	1,847,840	(435,746)	3,870,948	3,870,948
Balance at January 1, 2021	\$ 624,462	2,993	968,882	538,129	337,817	2,295,422	(310,459)	4,457,246	4,457,246
Profit for the six months ended June 30, 2021	-	-	-	-	-	292,787	-	292,787	292,787
Other comprehensive income for the six months ended June 30, 2021	-	-	-	-	-	-	(62,545)	(62,545)	(62,545)
Total comprehensive income for the six months ended June 30, 2021	-	-	-	-	-	292,787	(62,545)	230,242	230,242
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	-	72,136	-	(72,136)	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(625,612)	-	(626,612)	(626,612)
Special reserve appropriated	-	-	-	-	(27,358)	27,358	-	-	-
Stock option compensation cost	-	-	367	-	-	-	-	367	367
Issuance of shares exercise of employee stock option	1,150	(2,993)	6,498	-	-	-	-	4,655	4,655
Balance at June 30, 2021	\$ 625,612	-	975,747	610,265	310,459	1,917,819	(373,004)	4,066,898	4,066,898

See accompanying notes to consolidated financial statements.

Reviewed only, not audited in accordance with generally accepted auditing standards
NISHOKU TECHNOLOGY INC. AND ITS SUBSIDIARIES
Consolidated Statements of Cash Flows

For the six months ended June 30, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	For the six months ended June 30,	
	2021	2020
Cash flows from (used in) operating activities:		
Profit before tax	\$ 463,206	286,445
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation and amortization	124,808	144,476
Expected credit loss (gain)	(26)	1,244
Interest expense	9,902	11,062
Interest income	(23,814)	(40,191)
Stock option compensation cost	367	822
Net loss on financial assets at fair value through profit or loss	663	1,182
Gain on disposal of property, plant and equipment	(5,187)	(3,507)
Recognition losses on inventory valuation and obsolescence	1,043	12,057
other	-	750
Total adjustments to reconcile profit :	<u>107,756</u>	<u>127,895</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets at fair value through profit or loss	13,297	(30,146)
Accounts notes and receivable	491,970	194,357
Inventories	(4,475)	83,870
Other current assets and other financial assets	8,467	(1,838)
Total changes in operating assets	<u>509,259</u>	<u>246,243</u>
Changes in operating liabilities:		
Notes and accounts payable	(180,843)	(168,244)
Other current liabilities	(47,297)	(25,467)
Total changes in operating liabilities	<u>(288,140)</u>	<u>(193,711)</u>
Total adjustments	<u>388,875</u>	<u>180,427</u>
Cash inflow(outflow) generated from operations	852,081	466,872
Interest received	23,798	41,536
Interest paid	(9,537)	(11,514)
Income taxes paid	(110,493)	(91,138)
Net cash flows from operating activities	<u>755,849</u>	<u>405,756</u>
Cash flows from (used in) investing activities:		
Acquisition of Non-current financial assets at fair value through profit or loss	(44,331)	-
Proceeds from disposal of Non-current financial assets at fair value through profit or loss	12,909	-
Acquisition of financial assets at amortized cost	53,464	(906,382)
Acquisition of property, plant and equipment	(93,329)	(23,981)
Proceeds from disposal of property, plant and equipment	15,547	5,833
Increase Refundable deposits	2,145	10,248
Decrease in other financial assets	(3,183)	(1,843)
Net cash flows used in investing activities	<u>(56,778)</u>	<u>(916,125)</u>
Cash flows from (used in) financing activities:		
Decrease in short-term loans	167,260	(81,455)
Decrease in short-term notes and bills payable	-	(100,000)
Proceeds from long-term borrowings	50,000	-
Increase (decrease) in guarantee deposits received and others	2,033	(315)
Payment of lease liabilities	(20,581)	(30,104)
Exercise of employee share options	4,655	-
Net cash flows used in financing activities	<u>203,367</u>	<u>(211,874)</u>
Effect of exchange rate changes on cash and cash equivalents	(48,262)	(94,366)
Net Increase (decrease)in cash and cash equivalents	854,176	(816,609)

See accompanying notes to consolidated financial statements.

	For the six months ended June 30,	
	2021	2020
Cash and cash equivalents at beginning of period	2,626,650	3,539,799
Cash and cash equivalents at end of period	<u>\$ 3,480,826</u>	<u>2,723,190</u>

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

NISHOKU TECHNOLOGY INC. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

June 30, 2021 and 2020

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

(1) Company history

NISHOKU TECHNOLOGY INC. (the “Company”) was incorporated in year 1980, as a company limited by shares and registered under the Ministry of Economic Affairs, ROC. The Company conducted an IPO on the Taiwan Stock Exchange (TWSE) on October 5, 2011. The Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”) primarily are involved in the manufacture and sale of plastic injection mold, tooling manufacturing and general import and export trade, please refer to note 14.

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

These consolidated interim financial statements were authorized for issuance by the board of directors on July 29, 2021.

(3) New standards, amendments and interpretations adopted:

- a. Impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. (“FSC”) which have already taken effect.

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

- Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform—Phase 2”

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

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2022, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 16 “Property, Plant and Equipment—Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts—Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

- c. The impact of IFRS issued by IASB but not yet endorsed by the FSC

As of the date, the following IFRSs that have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC

(Continued)

NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “ Insurance Contracts”
- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”

(4) Summary of significant accounting policies:

a. Statement of compliance

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

These consolidated interim financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 “Interim Financial Reporting” which are endorsed by FSC and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed by the FSC (hereinafter referred to IFRS endorsed by the FSC) for full annual consolidated financial statements.

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

b. Basis of consolidation

Principles of preparation of the consolidated interim financial statements are the same as those of the consolidated financial statements for the year ended December 31, 2020. For the related information, please refer to note 4(c) of the consolidated financial statements for the year ended December 31, 2020. The financial statements of insignificant consolidated subsidiaries, NISHOKU BOUEKI and NISHOKU VIETNAM, were not reviewed by independent accountants, and the financial statements of insignificant consolidated subsidiaries, SAME SRART (Anguilla), were reviewed by independent accountants. NISHOKU VIETNAM’s financial statements were reviewed by independent accountants for the six months ended June 30, 2021.

c. Income Tax

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

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

NISHOKU TECHNOLOGY INC. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

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recognized fully as tax expense for the current period (and allocated to current and deferred taxes based on its proportionate size).

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

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

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

In preparing the consolidated financial statements, critical accounting judgments and key sources of estimation uncertainty used by management in the application of accounting policies are consistent with those described in note 5 of the consolidated financial statements for the year ended December 31, 2020.

(6) Explanation of significant accounts:

In addition to the following, there is no significant difference between the notes on the significant accounting items of the consolidated interim financial statements and the consolidated financial statements for the year ended December 31, 2020. For the related information, please refer to note 6 of the consolidated financial statements for the year ended December 31, 2020.

(a) Cash and cash Equivalents

	June 30, 2021	December 31, 2020	June 30, 2020
Cash, and demand deposits	\$ 2,386,000	1,827,075	1,901,477
Time deposits	621,206	429,335	355,448
Bond acquired under repurchase agreement	473,620	370,240	466,265
Cash and cash equivalents in the consolidated statement of cash flows	\$ 3,480,826	2,626,650	2,723,190

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

	June 30, 2021	December 31, 2020	June 30, 2020
Financial assets at fair value through profit or loss			
Fund investments	\$ 49,403	46,663	11,315
Fixed income financial product	603,392	612,833	460,865
Overseas corporate bonds	-	6,247	6,213
Total	\$ 652,795	665,743	478,393
Fund investments non-current	\$ 156,848	126,439	-

(Continued)

NISHOKU TECHNOLOGY INC. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

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Please refer to note 6(e) for fund investments non-current.

As of June 30, 2021, and December 31, 2020, and June 30, 2020, the Group did not provide any financial assets as collateral for its loans.

(c) Notes and accounts receivable

	June 30, 2021	December 31, 2020	June 30, 2020
Notes receivable	\$ 734	6,083	12,945
Accounts receivable	1,325,077	1,811,698	1,189,391
Less : allowance for impairment	(503)	(529)	(1,997)
	\$ 1,325,308	1,817,752	1,200,339

The Group measures the loss allowance for notes and accounts receivable using the simplified approach with the lifetime expected credit losses. To measure the expected credit losses, notes and accounts receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporate forward-looking information.

Analysis of expected credit losses was as follows:

	June 30, 2021		
	Carrying amount of accounts receivable	Weighted-average loss rate	Loss allowance for lifetime expected credit losses
Not past due	\$ 1,274,279	-%	-
Past due less than 120 days	50,309	0%~1%	14
Past due over 1 year	489	100%	489
Total	\$ 1,325,077		503

	December 31, 2020		
	Carrying amount of accounts receivable	Weighted-average loss rate	Loss allowance for lifetime expected credit losses
Not past due	\$ 1,804,736	-%	-
Past due less than 120 days	6,423	0%~1%	2
Past due 121~270 days	37	0%~30%	25
Past due over 1 year	502	100%	502
Total	\$ 1,811,698		529

(Continued)

NISHOKU TECHNOLOGY INC. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

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	June 30, 2020		
	Carrying amount of accounts receivable	Weighted-average loss rate	Loss allowance for lifetime expected credit losses
Not past due	\$ 1,119,382	-%	-
Past due less than 120 days	69,113	0%~1%	1,295
Past due 121~270 days	282	0%~30%	88
Past due 271~365 days	614	0%~100%	614
Total	\$ 1,189,391		1,997

The movement of the loss allowance for notes and accounts receivable were as follows:

	Six months ended June 30,	
	2021	2020
Beginning balance	\$ 529	19,099
Impairment loss	(26)	1,244
Amounts written off	-	(18,346)
Ending balance	\$ 503	1,997

(d) Inventories

	June 30, 2021	December 31, 2020	June 30, 2020
Raw materials	\$ 218,257	194,769	134,355
Work in process	177,604	203,355	168,584
Finished goods	130,645	124,950	76,762
	\$ 526,506	523,074	379,701

For the three months ended June 30, 2021 and June 30, 2020, and for the six months ended June 30, 2021 and June 30, 2020, raw material, consumables, and changes in the finished goods and work in progress recognized as cost of sale amounted to \$864,140 thousand and \$755,488 thousand, and \$1,837,333 thousand, and \$1,267,955 thousand, respectively. For the three months ended June 30, 2021 and June 30, 2020, and for the six months ended June 30, 2021 and June 30, 2020 the Group recognized the losses (reversal) on inventory valuation and obsolescence as cost of goods sold amounting to \$(14,688) thousand and \$7,971 thousand, and \$1,043 thousand and 12,057 thousand, respectively.

As of June 30, 2021, December 31, 2020, and June 30, 2020, the Group did not provide any inventories as collateral.

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NISHOKU TECHNOLOGY INC. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

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(e) Non-current financial assets at amortized cost

	June 30, 2021	December 31, 2020	June 30, 2020
Restricted bank deposit	\$ 1,072,737	1,124,961	906,382

In May and July, 2020, the Group applied to IRS for the application of “The Management, Utilization, and Taxation of Repatriated Offshore Funds Act” (hereinafter referred to as the “Act”), and the remittance was approved within one month. According to the Act, the funds need to be deposited in a special purpose account for five years, and 5% of the funds can be used without restriction, 25% can be used on financial investment, and 70%, at least, can be used for substantive investment; Otherwise, the funds can only be redeemed within 3 consecutive years on average after the five years maturity. Please refer to note 6(b) for financial assets.

(f) Property, plant and equipment

The cost, depreciation and impairment loss of the property, plant and equipment of the Group for the years ended June 30, 2021 and 2020, were as follows.

	Land	Building	Machinery and equipment	Office and other equipment	Construction in progress and testing equipment	Total
Cost or deemed cost:						
Balance on January 1, 2021	\$ 179,672	1,048,926	1,955,334	479,442	56,056	3,719,430
Additions	-	4,326	41,008	8,428	32,146	85,908
Reclassifications	-	5,832	6,241	483	(12,310)	246
Disposals	-	(91)	(124,909)	(14,393)	-	(139,393)
Effect of movements in exchange rates	-	(13,844)	(36,107)	(7,298)	19,182	(38,067)
Balance on June 30, 2021	\$ 179,672	1,045,149	1,841,567	466,662	95,074	3,628,124
Balance on January 1, 2020	\$ 179,672	920,762	2,016,688	476,633	101,928	3,695,683
Additions	-	586	12,383	7,461	14,554	34,984
Reclassifications	-	122,845	-	1,061	(124,656)	(750)
Disposals	-	-	(49,900)	(19,485)	-	(69,385)
Effect of movements in exchange rates	-	(18,495)	(45,586)	(11,964)	12,157	(63,888)
Balance on June 30, 2020	\$ 179,672	1,025,698	1,933,585	453,706	3,983	3,596,644
Depreciation and impairments loss:						
Balance on January 1, 2021	\$ -	453,394	1,435,367	386,140	-	2,274,901
Depreciation for the period	-	20,050	59,868	21,704	-	101,622
Reclassifications	-	-	246	-	-	246
Disposals	-	(91)	(115,185)	(13,757)	-	(129,033)
Effect of movements in exchange rates	-	(5,999)	2,432	(5,940)	-	(9,507)
Balance on June 30, 2021	\$ -	467,354	1,382,728	388,147	-	2,238,229
Balance on January 1, 2020	\$ -	391,905	1,413,474	358,463	-	2,163,842
Depreciation for the period	-	24,010	63,756	23,277	-	111,043

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NISHOKU TECHNOLOGY INC. AND ITS SUBSIDIARIES

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	Land	Building	Machinery and equipment	Office and other equipment	Construction in progress and testing equipment	Total
Disposals	-	-	(49,279)	(17,779)	-	(67,058)
Effect of movements in exchange rates	-	4,988	(34,096)	(8,069)	-	(37,177)
Balance on June 30, 2020	<u>\$ -</u>	<u>420,903</u>	<u>1,393,855</u>	<u>355,892</u>	<u>-</u>	<u>2,170,650</u>
Carrying amounts:						
Balance on June 30, 2021	<u>\$ 179,672</u>	<u>577,795</u>	<u>458,839</u>	<u>78,515</u>	<u>95,074</u>	<u>1,389,895</u>
Balance on January 1, 2021	<u>\$ 179,672</u>	<u>595,532</u>	<u>519,967</u>	<u>93,302</u>	<u>56,056</u>	<u>1,444,529</u>
Balance on June 30, 2020	<u>\$ 179,672</u>	<u>604,795</u>	<u>539,730</u>	<u>97,814</u>	<u>3,983</u>	<u>1,425,994</u>

As of June 30, 2021, December 31, 2020 and June 30, 2021, the property, plant and equipment of the Group had not been pledged as collateral.

(g) Right-of-use assets

The Group leases many assets including land and buildings, vehicles and machinery equipment. Information about leases for which the Group as a lessee were presented below

	Buildings and structures	Machinery and equipment	Transportation and equipment	Total
Carrying amount:				
Balance on June 30, 2021	<u>\$ 46,280</u>	<u>2,328</u>	<u>-</u>	<u>48,608</u>
Balance on December 31, 2020	<u>\$ 63,480</u>	<u>4,728</u>	<u>1,529</u>	<u>69,737</u>
Balance on June 30, 2020	<u>\$ 91,509</u>	<u>7,566</u>	<u>3,247</u>	<u>102,322</u>

The amounts of depreciation expense for the six months ended June 30, 2021 and 2020 were \$20,261 thousand and \$29,623 thousand, respectively.

(h) Short-term borrowings

The Short term borrowings were summarized as follows:

	June 30, 2021	December 31, 2020	June 30, 2020
Secured loan	\$ 44,000	45,000	-
Credit loans, no pledge	<u>1,112,180</u>	<u>943,920</u>	<u>743,335</u>
Total:	<u>\$ 1,156,180</u>	<u>988,920</u>	<u>743,335</u>
Interest rate range	<u>0.36%~0.82%</u>	<u>0.40%~0.83%</u>	<u>0.78%~1.51%</u>

For the collateral for short term borrowings, please refer to note 8.

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(i) Short-term notes and bills payable

The short-term notes and bills payable were summarized as follows:

	June 30, 2021	December 31, 2020	June 30 , 2020
Commercial paper payable	\$ -	-	50,000
Less: Discount on short-term notes and bills payable	-	-	(7)
Total	\$ -	-	49,993
Interest rate range	-	-	0.602%

(j) Long-term borrowings

The details were as follows:

	June 30, 2021	December 31, 2020	June 30, 2021
Unsecured loans	\$ 1,250,000	1,200,000	1,000,000
Interest rate range	0.93%~0.96%	0.95%~0.98%	0.94%~1.09%

(k) Lease liabilities

The details were as follows:

	June 30, 2021	December 31, 2020	June 30, 2020
Lease liabilities - Current	\$ 33,763	39,224	48,502
Lease liabilities -Non-current	\$ 15,252	30,891	54,198

For the maturity analysis, please refer to note 6(u).

The amounts recognized in profit or loss during the lease term were as follows:

	Three months ended June 30,2021	Three months ended June 30,2020	Six months ended June 30,2021	Six months ended June 30,2020
Interests of lease liabilities	\$ 162	334	355	719
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ 183	152	368	307

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NISHOKU TECHNOLOGY INC. AND ITS SUBSIDIARIES

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

	Six months ended June 30, 2021	Six months ended June 30, 2020
Total cash out flow of lease	\$ 21,304	31,130

(l) Employee benefits

The pension costs incurred from the contributions to the Labor Insurance were as follows:

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Operating Costs	\$ 8,177	2,990	16,662	7,811
Operating Expenses	2,103	1,139	4,275	2,670
Total	\$ 10,280	4,129	20,937	10,481

(m) Income tax

- (i) The amounts of income tax expense (profit) for the three months and six months ended June 30, 2021 and 2020 were \$44,487 thousand, (\$1,367) thousand, \$170,419 thousand and \$12,665 thousand respectively.
- (ii) The amounts of income tax expense (profit) under other comprehensive income or loss for the three months and six months ended June 30, 2021 and 2020 were as follows:

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Foreign currency translation differences for foreign operations	\$ (8,781)	(18,389)	(15,636)	(24,482)

- (iii) The Company and NISHOKU BOUEKI income tax returns have been examined by the tax authority through the years up to 2019, respectively.

(n) Capital and other equity

In addition to the following, there is no material change in capital and other equity of the Group for the six months ended June 30, 2021 and 2020. For the related information, please refer to Note 6(n) of the consolidated financial statements for the year ended December 31, 2020.

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NISHOKU TECHNOLOGY INC. AND ITS SUBSIDIARIES

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(i) Issuance of capital stock

The Company issued 70 thousand shares, with par value of \$10 per share for the exercise of employee stock options were completed the legal registration procedures for the six months ended June 30, 2021.

(ii) Capital surplus

The balances of capital surplus as of June 30, 2021 and 2020 were as follows:

	June 30, 2021	December 31, 2020	June 30, 2020
Additional paid-capital	\$ 964,917	958,419	949,944
Employee share options	10,830	10,463	10,002
Total	<u>\$ 975,747</u>	<u>968,882</u>	<u>959,946</u>

(iii) Retained earnings

The Group's article of incorporation stipulate that, when allocating the profit for each fiscal year, the Company shall first offset its losses in previous years. Of the remaining profit, 10% is to be appropriated as legal reserve, until the accumulated legal reserve equals the Company's paid in capital. Aside from the aforesaid legal reserve, the Company shall appropriate or reverse another sum as special earnings reserve in accordance with relevant laws or regulations or requested by the authorities in charge. The remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval.

According to the amendment of the of Article 240 and Article 241 of the ROC Company Act, the Company authorized the distributable dividends and bonuses in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the Board of Directors attended by two thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

Before the distribution of dividends, the Company shall first take into consideration its operating environment, industry developments, and the long term interests of stockholders, as well as its programs to maintain operating efficiency and meet its capital expenditure budget and financial goals in determining the stock or cash dividends to be paid. The dividend to be distributed shall be no less than 10% of the current year retained earnings available for distribution only if the current year retained earnings available for distribution does not reach \$0.5 per share, the Company may decide not to distribute dividend. The dividend to be distributed may be in the form of cash and stock, and cash dividend in the distribution should not be less than 30%.

The board of directors resolved to distribute cash dividends for the appropriation of 2020 earnings on April 8, 2021. The resolutions of other distributions of earnings have been approved by shareholders through electronic voting on June 14, 2021. The 2020 general shareholders' meeting of the Company will hold on Aug.28,2021.

Earnings distribution for 2019 were decided via the general meeting of shareholders held on June 16, 2020. The relevant dividend distributions to shareholders were as follows:

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NISHOKU TECHNOLOGY INC. AND ITS SUBSIDIARIES

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	2020		2019	
	Payout per share	Amount	Payout per share	Amount
Dividend to shareholders:				
Cash	\$ 10.0	625,612	\$ 4.0	249,185

(o) Share-based payment

For the six months ended June 30, 2021 and 2020, there were no significant changes in share-based payment except for the following: (Please refer to note 6(o) of the consolidated financial statements for the year ended December 31, 2020 for other related information).

(i) Information about the Company's outstanding employee stock options are described as follows:

	Six months ended June 30, 2021		Six months ended June 30, 2020	
	Weighted-average Exercise Price(NT\$)	Number of Stock Options	Weighted-average Exercise Price(NT\$)	Number of Stock Options
Outstanding at beginning of the period	\$ 66.50(note)	235	70.80(note)	440
Options granted	-	-	-	-
Options forfeited	-	(50)	-	-
Options exercised	66.50	(70)	-	-
Outstanding at end of the period	66.50(note)	115	70.80(note)	440
Exercisable at end of the period		35		220
The weighted average price of the stock options		\$ 18.15		18.15

(Note) The Company adjusted the exercise price of stock options in accordance with the plans.

The details of the stock options of the Group were as follows:

	June 30, 2021	December 31, 2020	June 30 2020
Weighted average of remaining contractual period (years)	1.07	1.57	2.07

(ii) The fair value of stock options granted is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

	2017 employee stock option
Exercise price (in dollars)	81.80
Stock price of grant date (in dollars)	81.80
Expected dividends	-%

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	2017 employee stock option
Expected price volatility	26.78%~27.89%
Risk-free interest rate	0.67%~0.73%
Exercise option life	5 years

(iii) For the three months and six months ended June 30, 2021 and 2020, the expenses attributable to share based payment amounted to \$184 thousand and \$411 thousand and \$367 thousand, and \$822 thousand, respectively.

(p) Earnings per share

The calculation of basic earnings per share for the three months and six months ended June 30, 2021 and 2020 were calculated as follows:

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Basic earnings per share:				
Profit attributable to ordinary shareholders of the Company	\$ 74,908	234,954	292,787	273,780
Weighted-average number of ordinary shares (thousand shares)	62,540	62,296	62,500	62,296
Basic earnings per share (NTD)	\$ 1.20	3.77	4.68	4.39
Diluted earnings per share:				
Profit attributable to ordinary shareholders of the Company	\$ 74,908	234,954	292,787	273,780
Weighted-average number of ordinary shares (basic, thousand shares)	62,540	62,296	62,500	62,296
Effect of employee stock bonuses	174	190	251	349
Weighted-average number of ordinary shares (diluted, thousand shares)	62,714	62,486	62,751	62,645
Diluted earnings per share (NTD)	\$ 1.19	3.76	4.67	4.37

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(q) Revenue from contracts with customers

(i) Details of revenue

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
<u>Primary geographical markets</u>				
United States	\$ 334,113	425,308	683,842	717,374
Asia	83,257	134,676	181,816	260,318
Euro	757,148	546,951	1,713,151	754,261
	<u>\$ 1,174,518</u>	<u>1,106,935</u>	<u>2,578,809</u>	<u>1,731,953</u>
<u>Primary productions</u>				
Plastic injection mold	\$ 1,076,240	950,637	2,369,350	1,525,382
Tooling mold	98,044	155,178	209,108	204,914
Others	234	1,120	351	1,657
	<u>\$ 1,174,518</u>	<u>1,106,935</u>	<u>2,578,809</u>	<u>1,731,953</u>

(ii) Contract balances

For details on accounts receivable, please refer to note 6 (c).

	June 30, 2021	December 31, 2020	June 30 2020
Contract liabilities	<u>\$ 39,637</u>	<u>51,775</u>	<u>51,099</u>

The major change in the balance of contract liabilities is the advance consideration received from customers for the contracts, in which revenue is recognized when products are delivered to customers. The amount of revenue recognized for the six months ended June 30, 2021 and 2020, which was included in the contract liability balance at the beginning of the period, was \$51,775 thousand and \$31,622 thousand, respectively.

(r) Employee, board of directors', and supervisors' compensation

In accordance with the Articles of incorporation the Company should contribute no less than 1% of the profit as employee compensation and not exceed 5% as directors' and supervisors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The amount of remuneration of each director and supervisor and of compensation for employees entitled to receive the abovementioned employee compensation is approved by the board of directors. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

For the three months and six months ended June 30, 2021 and 2020, the Company estimated its employee remuneration amounting to \$6,750 thousand, \$6,188 thousand, \$13,500 thousand and

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NISHOKU TECHNOLOGY INC. AND ITS SUBSIDIARIES

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\$12,376 thousand, directors' and supervisors' remuneration amounting to \$2,550 thousand, \$2,000 thousand, \$5,100 thousand and \$4,000 thousand, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's articles. These remunerations were expensed under operating costs or operating. If the actual amount of the annual distribution and the estimated amount of differences, according to the changes in accounting estimates, and the difference recognized as the next year annual profit (loss). Such as the resolution of the board of directors to take the stock of employee compensation, the numbers of shares to be distributed would be calculated based on the closing price of the Company's ordinary shares one day before the date of the meeting of Board of Directors.

For the year ended December 31, 2020 and 2019, the Company estimated its employee remuneration amounting to \$30,000 thousand and \$22,100 thousand, respectively, and directors' and supervisors' remuneration amounting to \$11,705 thousand and \$7,925 thousand respectively. There is no difference in the actual distribution situation, please refer to Market Observation Post System for further information.

(s) Other revenue

The other revenue for the three months ended and six months ends June 30, 2021 and 2020 were as follows:

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Interest income	\$ 17,792	20,280	23,814	40,191
Others	4,501	3,763	11,259	8,321
Total other income	<u>\$ 22,293</u>	<u>24,043</u>	<u>35,073</u>	<u>48,512</u>

(t) Other gains and losses

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Foreign exchange losses, net	\$ (92,048)	(33,002)	(68,377)	(1,399)
Gain (Losses) on financial assets at fair value through profit or loss	1,276	1,548	(663)	(1,182)
Gain on disposal of property, plant and equipment	221	2,821	5,187	3,507
Others	1	(367)	(163)	(844)
Net gains and losses	<u>\$ (90,550)</u>	<u>(29,000)</u>	<u>(64,016)</u>	<u>82</u>

(u) Financial Instruments

In addition to the following, there is no material change in financial instruments of the Group for the six months ended June 30, 2021 and 2020. For the related information, please refer to note 6(u) of the consolidated financial statements for the year ended December 31, 2020.

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(i) Credit risk

1) Credit risk exposure

As of June 30, 2021 and 2020, the Group's maximum exposure to credit risk was mainly from the carrying amount of financial assets recognized in the consolidated statements of financial position and amounted to \$6,745,285 thousand and \$5,316,446 thousand, respectively. The Groups had deposited these bank deposits in different financial institutions, and the Group believes that there is no significant credit risk from the above mentioned financial institutions.

2) Concentration of credit risk

The credit risk exposure of the Group comes from the credit of individual customers, and the industry of the customer also have effect on credit risk. For the six months ended June 30, 2021 and 2020, sales to the individual customers whose revenue constituting over 10% of net revenue are 45% and 30% of total revenues respectively. As of June 30, 2021 and 2020, 34% and 30%, respectively, of accounts receivable were for those customers.

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows	within 1year	1-2 years
June 30, 2021				
Non-derivative financial liabilities				
Short-term borrowings	\$ 1,156,180	1,156,831	1,156,831	-
Long-term borrowings	1,250,000	1,266,447	11,930	1,254,517
Notes and accounts payable	619,585	619,585	619,585	-
Lease liabilities	49,015	49,015	33,763	15,252
Other financial liabilities	686,743	686,743	686,743	-
	\$ 3,761,523	3,778,621	2,508,852	1,269,769
December 31, 2020				
Non-derivative financial liabilities				
Short-term borrowings	\$ 988,920	989,735	989,735	-
Long-term borrowings	1,200,000	1,220,867	11,492	1,209,375
Notes and accounts payable	800,428	800,428	800,428	-
Lease liabilities	70,115	70,115	39,224	30,891
Other financial liabilities	55,202	55,202	55,202	-
	\$ 3,114,665	3,136,347	1,896,081	1,240,266
June 30, 2020				
Non-derivative financial liabilities				
Short-term borrowings	\$ 744,335	744,003	744,003	-
Short-term notes and bills payable	49,993	50,000	50,000	-
Long-term borrowings	1,000,000	1,015,087	10,063	1,005,024
Notes and accounts payable	436,134	436,134	436,134	-

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	Carrying amount	Contractual cash flows	within 1year	1-2 years
Lease liabilities	102,700	102,700	48,502	54,198
Other financial liabilities	282,494	282,494	282,494	-
	\$ 2,614,656	2,630,418	1,571,196	1,059,222

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

(iii) Market risk

1) Exchange rate risk

The Group significant exposure to foreign currency risk on financial assets and liabilities were as follows:

	June 30, 2021			December 31, 2020			June 30, 2020		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
<u>Financial assets</u>									
<u>Monetary Items</u>									
USD	\$152,072	27.860	4,236,714	153,339	28.480	4,367,099	115,654	29.630	3,426,814
CNY	84	4.309	360	199	4.377	870	3,848	4.191	16,125
<u>Financial liabilities</u>									
<u>Monetary Items</u>									
USD	6,203	27.860	172,811	8,170	28.480	232,674	2,280	29.630	67,563

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, trade and other receivables, and trade and other payables that are denominated in foreign currency.

A weakening (strengthening) of 1% of the NTD against the USD and CNY at June 30, 2021 and 2020, would have increased or decreased the net profit before tax by \$40,643 thousand and \$33,754 thousand, respectively. The analysis assumes that all other variables remain constant and ignores any impact of forecasted sales and purchases. The analysis is performed on the same basis for both periods.

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the six months ended June 30, 2021 and 2020, foreign exchange gain (including realized and unrealized portions) amounted to \$68,377 thousand and \$1,399 thousand, respectively.

2) Interest rate analysis

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

The following sensitivity analysis is based on the exposure to interest rate risk of the

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non-derivative financial instruments on the reporting date. If the interest rate had increased or decreased by 0.25%, the net profit before tax would have decreased or increased by \$1,794 thousand and \$1,626 thousand for the six months ended June 30, 2021 and 2020, respectively, assuming all other variable factors were constant. This mainly resulted from borrowings and bank deposits at variable interest rates.

(iv) Fair value of financial instruments

1) Fair value of financial instruments

The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and for equity investments that has no quoted prices in the active markets and whose fair value cannot be reliably measured, disclosure of fair value information is not required:

	June 30, 2021				
	Carrying amounts	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Non derivative financial assets at fair value through profit or loss-current	<u>\$ 652,795</u>	<u>49,403</u>	<u>-</u>	<u>603,392</u>	<u>652,795</u>
Non derivative financial assets at fair value through profit or loss-non-current	<u>\$ 156,848</u>	<u>156,848</u>	<u>-</u>	<u>-</u>	<u>156,848</u>
Financial assets carried at amortized cost					
Cash and cash equivalents	\$ 3,480,826				
Notes and accounts receivable, net	1,325,308				
Other financial assets-current	1,051				
Refundable deposits	12,954				
Current financial assets measured at amortized cost	55,720				
Non-current financial assets measured at amortized cost	<u>1,072,737</u>				
	<u>\$ 5,948,596</u>				
Financial liabilities carried at amortized cost					
Long and short term borrowings	\$ 2,406,180				
Notes and accounts payable	619,585				
Lease liability	49,015				
Other payables	<u>686,743</u>				
	<u>\$ 3,761,523</u>				

	December 31, 2020				
	Carrying amounts	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Non derivative financial assets at fair value through profit or	<u>\$ 665,743</u>	<u>46,663</u>	<u>6,247</u>	<u>612,833</u>	<u>665,743</u>

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	December 31, 2020				
	Carrying amounts	Fair Value			
		Level 1	Level 2	Level 3	Total
loss-current					
Non derivative financial assets at fair value through profit or loss-non-current	\$ 126,439	126,439	-	-	126,439
Financial assets carried at amortized cost					
Cash and cash equivalents	\$ 2,626,650				
Notes and accounts receivable, net	1,817,252				
Other financial assets-current	560				
Refundable deposits	15,099				
Current financial assets measured at amortized cost	56,960				
Non-current financial assets measured at amortized cost	<u>1,124,961</u>				
	<u>\$ 5,641,482</u>				
Financial liabilities carried at amortized cost					
Long and short term borrowings	\$ 2,188,920				
Notes and accounts payable	800,428				
Lease liability	70,115				
Other payables	<u>55,202</u>				
	<u>\$ 3,114,665</u>				

	June 30, 2020				
	Carrying amounts	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Non-derivative financial assets measured at fair value through profit or loss	\$ 478,393	11,315	6,213	460,865	478,393
Financial assets carried at amortized cost					
Cash and cash equivalents	\$ 2,723,190				
Notes and accounts receivable, net	1,200,339				
Other financial assets-current	8,142				
Refundable deposits	15,242				
Non-current financial assets measured at amortized cost	<u>906,382</u>				
	<u>\$ 4,853,295</u>				
Financial liabilities carried at amortized cost					
Long and short term borrowings	\$ 1,743,335				
Short-term notes and bills payable	49,993				
Notes and accounts payable	436,134				

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	June 30, 2020			
	Carrying amounts	Fair Value		
		Level 1	Level 2	Level 3
Lease liability	102,700			
Other payables	282,494			
	\$ 2,614,656			

2) Valuation techniques for financial instruments measured at fair value

a) Non-derivative financial instruments

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

b) Derivative financial instruments

Measurement of the fair value of derivative instruments is based on the valuation techniques generally accepted by market participants. Fair value of forward currency is usually determined by the forward currency exchange rate.

3) Reconciliation of Level 3 fair values

The following table shows a reconciliation of the beginning balances to the ending balances for the fair value measurements in Level 3 of the fair value hierarchy:

	Financial assets measured at fair value through profit or loss	
	Six months ended June 30,2021	Six months ended June 30,2020
	Balance in the beginning of the period	\$ 612,313
Recognized in profit or loss	15,572	16,910
Purchase	603,392	879,833
Disposal	(628,405)	(866,391)
Balance in the ending of the period	\$ 603,392	460,865

The aforementioned total gains and losses were recognized in "other income".

There have been no transfers from each level for the six months ended June 30, 2021 and 2020.

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- 4) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group's financial instruments that use Level 3 inputs to measure fair value are financial instrument" and derivative financial assets. The financial assets' fair value are using the prior transaction price before adjustments or third-party pricing information. The unobservable inputs are not set up as the Group measures fair value, therefore the quantified information of significant unobservable inputs are not disclosed.

- (v) Financial risk management

The Group's risk management policies are no material change in financial instruments of the Group for the six months ended June 30, 2021 and 2020. For the related information, please refer to note 6(v) of the consolidated financial statements for the year ended December 31, 2020.

- (w) Capital management

As of June 30, 2021, there were no changes in the Group's approach to capital management. For the related information, please refer to Note 6(w) of the consolidated financial statements for the year ended December 31, 2020.

- (x) Investing and financing activities not affecting current cash flow

The Group's investing and financing activities which did not affect the current cash flow for the six months ended June 30, 2021 and 2020, were as follows:

- (i) For acquisition of right-of-use assets, please refer to note 6(g).
(ii) Reconciliation of liabilities arising from financing activities were as follows:

	January 1,2021	Cash flows	Foreign exchange movement and others	June30,2021
Short term borrowings	\$ 988,920	167,260	-	1,156,180
Long term borrowings	1,200,000	50,000	-	1,250,000
Lease liability	70,115	(20,581)	(519)	49,015
Total liabilities from financing activities	\$ 2,259,035	196,679	(519)	2,455,195

	January 1,2020	Cash flows	Foreign exchange movement and others	June 30,2020
Short term borrowings	\$ 824,790	(81,455)	-	743,335
Short-term notes and bills payable	149,994	(100,000)	(1)	49,993
Long term borrowings	1,000,000	-	-	1,000,000
Lease liability	135,117	(30,104)	(2,313)	102,700

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	January 1,2021	Cash flows	Foreign exchange movement and others	June30,2021
Total liabilities from financing activities	\$ 2,109,901	(211,559)	(2,314)	1,896,028

(7) Related-party transactions:

(a) Key management personnel compensation

Key management personnel compensation comprised:

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Short-term employee benefits	\$ 10,908	10,473	21,782	21,567
Post-employment benefits	81	54	162	108
	\$ 10,989	10,527	21,944	21,675

(8) Pledged assets:

The carrying values of pledged assets were as follows:

Pledged assets	Object	June 30, 2021	December 31, 2020	June 30, 2020
Demand deposits (classified under other current financial assets)	Long and short term borrowings	\$ 55,720	56,960	-
"	Guarantee for Carbon emission	25	25	24
"	Guarantee for litigation	-	-	1,644
		\$ 55,745	56,985	1,668

(9) Significant Commitments and Contingencies:

(a) Unrecognized contractual commitments:

(i) The Group's unrecognized contractual commitments to the purchase of plant and equipment were as follows:

	June 30, 2021	December 31, 2020	June 30, 2020
Acquisition of property, plant and equipment	\$ 41,934	42,920	68,068

(ii) For the necessary to bank loan and operating capital, the Company and its subsidiaries provide guarantee and endorsement for other parties were as follows:

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	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Outstanding guarantee notes	\$ 1,368,128	1,398,688	1,353,349
Purchase guarantee	-	-	14,815
	<u>\$ 1,368,128</u>	<u>1,398,688</u>	<u>1,368,164</u>
Actual usage amount	<u>\$ 362,180</u>	<u>153,920</u>	<u>148,150</u>

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events: None.

(12) Other:

- (a) A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

By function	For the three-month periods ended June 30					
	2021			2020		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
By item						
Employee benefit expenses						
Salaries	219,887	50,123	270,010	171,251	51,319	222,570
Labor and health insurance	5,662	2,030	7,692	3,771	1,845	5,616
Pension	8,177	2,103	10,280	2,990	1,139	4,129
Others	5,389	8,717	14,106	4,246	6,798	11,044
Depreciation	46,868	13,561	60,429	55,744	13,212	68,956
Amortization	501	796	1,297	882	948	1,830

By function	For the six-month periods ended June 30					
	2021			2020		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
By item						
Employee benefit expenses						
Salaries	444,848	99,534	544,382	297,905	99,788	397,693
Labor and health insurance	11,598	4,896	16,494	8,312	4,199	12,511
Pension	16,662	4,275	20,937	7,811	2,670	10,481
Others	10,964	18,604	29,568	9,547	13,492	23,039
Depreciation	94,902	26,981	121,883	113,708	26,958	140,666
Amortization	1,335	1,590	2,925	1,824	1,986	3,810

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(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group:

(i) Loans to other parties:

No.	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period (Note 3)	Ending balance (Note 3)	Actual usage amount during the period	Interest rate	Nature of financing	Transaction amounts	Reason for short-term financing	Allowance for bad debt	Collateral		Financing limit for each borrowing company	Maximum financing limit for the lender
													Item	Value		
0	The Company	NISHOKU VIETNAM	Other accounts receivable	Yes	285,350	-	-	0%	Necessary to loan other parties	-	Operating capital	-	-	-	406,690 (Note 1)	1,626,759 (Note 1)

Note 1: The individual amount and the total amount for lending to a company shall not exceed 10% and 40% of the lending company’s net worth in the latest financial statement, respectively. The Company for lending to the Company directly or indirectly holds 100% of their shares, with the loan amount not limited and the total amounts not exceeding the lending company’s net worth in the last financial statement.

Note 2: Related transaction have been eliminated during the preparation of the consolidated financial statements.

Note 3: Amount actually draw in foreign currencies were translated based on the exchange rate at the reporting date.

(ii) Guarantees and endorsements for other parties:

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (Note 1)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date (Note 3)	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company (Note 2)										
0	The Company	SAME START (Anguilla)	3	4,066,898	113,560	-	-	-	4,066,898	Y	N	N	
"	"	NISHOKU VIETNAM	2	4,066,898	1,192,408	1,192,408	362,180	29.32%	4,066,898	"	"	"	
"	"	NISHOKU BOUEKI	2	4,066,898	176,560	175,720	-	4.32%	4,066,898	"	"	"	

Note 1: The amount and the total amount of the guarantee to a company shall not exceed 30% and 100%, respectively, of the Company net worth in the latest financial statements. The total amount of the guarantee that the Company and its subsidiaries to a company shall not exceed 100%, of the Company’s net worth in the latest financial statement. The Company directly or indirectly holds 100% of their shares, the guarantee amounts not limited by the Company’s net worth in the latest financial statement.

Note 2: The relationship of guarantor and endorsements to related parties were as follows:

- 1) Business relationship between the Company
- 2) The Company directly or indirectly holds over 50% of subsidiaries’ shares;
- 3) The parent company and its subsidiaries hold over 50% of investees’ shares;
- 4) A subsidiary jointed owned over 50% by the Company and the Company’s directly-owned subsidiary.

Note 3: Amount actually draw in foreign currencies were translated based on the exchange rate at the reporting date.

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

Name of holder	Nature and name of securities	Relationship with the securities issuer	Account name	Ending balance			Note
				Shares/Units (thousands)	Carrying value	Percentage of Fair value	
The Company	JPMorgan Funds - Global Corporate Bond Fund - JPM Global Corporate Bond	None	Financial assets at fair value through profit or loss- current	-	8,317	- %	8,317
"	Allianz Income and Growth - Class AT Acc	"	"	-	11,992	- %	11,992
"	BlackRock Global Fund - Global Allocation Fund	"	"	-	8,979	- %	8,979
"	PIMCO GIS Dynamic Multi-Asset Fund	"	"	-	14,129	- %	14,129
NISHOKU BOUEKI	Allianz Income and Growth - Class AT Acc	"	"	-	5,986	- %	5,986
NISHOKU SHENZHEN	Fixed income financial product	"	"	-	387,895	- %	387,895
KUNSHAN NISHOKU PLASTIC	Fixed income financial product	"	"	-	215,497	- %	215,497
The Company	Allianz Global Investors Income and Growth Fund	"	Financial assets at fair value through profit or loss-non current	-	46,708	- %	46,708
"	PineBridge Global ESG Quantitative Bond Fund	"	"	-	46,638	- %	46,638
"	PineBridge Global Multi - Strategy High Yield Bond Fund	"	"	-	38,380	- %	38,380
"	Nomura Global Financial Bond Fund Accumulate	"	"	-	12,792	- %	12,792
"	FSITC Global High Yield Bond Fund	"	"	-	12,330	- %	12,330

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock:

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales			Ending Balance		
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount
KUNSHAN NISHOKU PLASTIC	Fixed income financial product	Financial assets at fair value through profit or loss-current	Wells Fargo Asset Management	None	-	218,869	-	215,497	-	225,225	218,869	6,356	-	215,497

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Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount
NISHOKU SHENZHEN	Fixed income financial product	Financial assets at fair value through profit or loss-current	Wells Fargo Asset Management	None	-	393,964	-	387,895	-	403,180	393,964	9,216	-	387,895

- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase /Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	KUNSHAN NISHOKU PLASTIC	Associate	(Sale)	(531,303)	(74)%	Net 90 days	(Note1)	(Note1)	209,866	74%	(Note2)
KUNSHAN NISHOKU PLASTIC	The Company	"	Purchase	531,303	53%	"	"	"	(209,866)	(33)%	"

Note 1: The subsidiaries did not purchase or sale same product from third parties, so the purchase (sale) price cannot be compared. In addition, the receipt terms of related parties were not significant different to third parties.

Note 2: Transactions within the Group were eliminated in the consolidated financial statements.

- (viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
The Company	KUNSHAN NISHOKU PLASTIC	Subsidiary	209,866	4.15	-	-	62,803	-

Note 1: Until July 22, 2021.

Note 2: Transactions within the Group were eliminated in the consolidated financial statements

- (ix) Trading in derivative instruments: None.
- (x) Business relationships and significant intercompany transactions:

The following is the information for the six months ended June 30, 2021, business relationships and significant intercompany transactions with the amounts exceeding NT\$ 10 million:

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Name of company	Name of counter-party	Nature of Intercompany transactions, 2021				Trading terms	Percentage of the consolidated net revenue or total assets
			relationship (Note 2)	Account name	Amount			
0	The Company	SAME START (Anguilla)	1	Purchase	48,089	Note 3	2%	

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No. (Note 1)	Name of company	Name of counter-party	Nature of Intercompany transactions, 2021				Percentage of the consolidated net revenue or total assets
			relationship (Note 2)	Account name	Amount	Trading terms	
"	"	"	1	Account Payable	18,206	"	-%
"	"	KUNSHAN NISHOKU	1	Sales	531,303	"	21%
"	"	"	1	Account receivable	209,866	"	- 2%
"	"	NISHOKU VIETNAM	1	Sales	73,050	"	3%
"	"	"	1	Account receivable	43,531	"	-%
1	SAME START (Anguilla)	NISHOKU SHENZHEN	3	Account Payable	12,353	Note 3	-%
"	"	KUNSHAN NISHOKU	3	Purchase	81,347	"	3%
"	"	"	3	Account Payable	35,052	"	-%
"	"	NISHOKU VIETNAM	3	Sales	41,773	"	2%
"	"	"	3	Account receivable	22,102	"	-%

Note 1: "0" represents the parent company, and the others represent the subsidiaries.

Note 2: "1" represents the transactions from parent company to subsidiary.

"2" represents the transactions from subsidiary to parent company.

"3" represents the transactions between subsidiaries.

Note 3: The trading price and product that purchase or sale from related parties that did not purchase or sale from third parties, so cannot be compared, the receive (payment) term of related parties is net 90 days.

(b) Information on investees:

The following is the information on investees for the six months ended June 30, 2021 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of September 30, 2019			Net income (losses) of investee	Share of profits/losses of investee	Note
				June 30, 2021	December 31, 2020	Shares (thousands)	Percentage of ownership	Carrying value			
The Company	SUN NICE (SAMOA)	SAMOA	Holding	1,096,194	1,096,194	34,468	100%	4,414,366	277,716	277,775	
"	NISHOKU BOUEKI	Taiwan	Purchase and sales of plastic raws and parts	1,000	1,000	6,300	100%	107,137	(2,327)	(927)	
"	NISHOKU VIETNAM	Vietnam	Manufacture and sale of tooling and plastic products	508,434 (USD 16,500 thousands)	508,434. (USD 16,500 thousands)	-	100%	109,845	3,748	3,903	
SUN NICE (SAMOA)	SAME START (Anguilla)	Anguilla	Purchase and sale of mold and plastic products	-	-	-	100%	(34,951)	61,703	24,999	
"	NISHOKU HK	HK	Holding	1,800,361 (USD 57,915 thousands)	1,800,361 (USD 57,915 thousands)	62,298	100%	3,556,624	179,250	179,250	
"	SUNNICE (BVI)	BVI	Holding	585,292 (USD 17,948 thousands)	585,292 (USD 17,948 thousands)	15,697	100%	955,267	73,555	73,555	

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Note: Transactions within the Group were eliminated in the consolidated financial statements.

(c) Information on investment in Mainland China:

- (i) The names of investees in Mainland China, the main businesses and products, and other information:

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2018	Investment flows		Accumulated outflow of investment from Taiwan as of June 30, 2020	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note 1)	Book value (Note 1)	Accumulated remittance of earnings in current period
					Outflow	Inflow						
NISHOKU SHENZHEN	Manufacture and sale of mold and plastic products	USD23,288 thousands	Indirect investment through third area	703,870 (USD22,939 thousands)	-	-	703,870 (USD22,939 thousands)	(5,410)	100.00%	(5,410)	1,140,329	475,841
KUNSHAN NISHOKU PLASTIC	Manufacture and sale of mold and plastic products	USD53,310 thousands	"	1,674,270 (USD52,524 thousands)	-	-	1,674,270 (USD52,524 thousands)	281,081	100.00%	278,778	3,159,952	473,544

- (ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of June 30, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
2,378,140	2,378,140	(Note 2)

Note 1: The above investment income (loss) in mainland China was based on financial statements audited by the Company's auditors.

Note 2: The Company has received the certificate issue by the Industrial Development Bureau, Ministry of Economic Affairs, allowing it to start operating of its headquarters.

Note 3: Above investment amount within the Group were eliminated in the consolidated financial statements.

- (iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions".

(d) Major shareholders :

Shareholder's Name	Shareholding	Shares	Percentage
Ji Teng Investment Limited		4,500,000	7.19%
Yun Ding Investment Limited		4,050,000	6.47%
CTBC Bank Trusted Custody investment account _Gold Talent Co., Ltd.		3,897,856	6.23%
Hsieh Hsin I		3,883,968	6.20%
Jin Hong Investment Limited		3,600,000	5.75%

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(14) Segment information:

The Group identifies its operating segments based on decision of the chief operating decision maker (CODM). The Group's operating segments are in United States, Asia and Europe, etc. Those operating segments are reportable segments. The Revenue from manufacture and supply electronic parts to clients. Since the strategy of each segment is different, it is necessary to separate them for management.

The operating segment's profit or loss is measured by net operating income, and as the basis of performance evaluation. The operating segment accounting policies are similar to those described in note 4 "significant accounting policies". The Group regards sales and transfers between operating segments as transactions with third parties.

The Group's product revenues from geographical clients were as follows:

		Three months ended June 30, 2021				
		United States	Asia	Europe	Elimination	Total
Revenue from external customers		<u>\$ 334,113</u>	<u>83,257</u>	<u>757,148</u>	<u>-</u>	<u>1,174,518</u>
Reportable segment profit or loss		<u>\$ 105,298</u>	<u>3,265</u>	<u>83,913</u>	<u>-</u>	<u>192,476</u>
		Three months ended June 30, 2020				
		United States	Asia	Europe	Elimination	Total
Revenue from external customers		<u>\$ 425,308</u>	<u>134,676</u>	<u>546,951</u>	<u>-</u>	<u>1,106,935</u>
Reportable segment profit or loss		<u>\$ 156,762</u>	<u>19,888</u>	<u>66,779</u>	<u>-</u>	<u>243,429</u>
		Six months ended June 30, 2021				
		United States	Asia	Europe	Elimination	Total
Revenue from external customers		<u>\$ 683,842</u>	<u>181,816</u>	<u>1,713,151</u>	<u>-</u>	<u>2,578,809</u>
Reportable segment profit or loss		<u>\$ 226,070</u>	<u>8,979</u>	<u>267,002</u>	<u>-</u>	<u>502,051</u>
		Six months ended June 30, 2020				
		United States	Asia	Europe	Elimination	Total
Revenue from external customers		<u>\$ 717,374</u>	<u>260,318</u>	<u>754,261</u>	<u>-</u>	<u>1,731,953</u>
Reportable segment profit or loss		<u>\$ 195,296</u>	<u>9,926</u>	<u>43,691</u>	<u>-</u>	<u>248,913</u>