Formosa Sumco Technology 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 Stockholders
Formosa Sumco Technology Corporation

Introduction

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

Scope of Review

We conducted our reviews in accordance with Statement of Auditing 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 of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, 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, its consolidated financial performance for the three months ended June 30, 2021 and 2020, and its consolidated financial performance 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" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Wen-Yuan Chuang and Shui-En Liu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

August 11, 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.

FORMOSA SUMCO TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

	June 30, 2021 (Reviewed)		December 31, 2020 (Audited)		June 30, 2020 (Reviewed)	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	$ 7,095,981	31	$ 7,860,058	34	$ 7,130,789	31
Financial assets at amortized cost - current (Note 8)	1,300,000	6	300,000	1	300,000	1
Trade receivables from unrelated parties (Note 9)	1,670,197	7	1,671,922	7	1,874,688	8
Trade receivables from related parties (Notes 9 and 26)	354,384	1	305,906	1	339,026	1
Other receivables (Note 9)	34,551	-	40,304	-	15,529	-
Other receivables from related parties (Notes 9 and 26)	1,329	-	2,629	-	3,537	-
Inventories (Note 10)	2,893,544	13	2,967,506	13	2,902,533	13
Prepayments (Note 15)	167,746	1	127,247	1	162,861	1
Total current assets	13,517,732	59	13,275,572	57	12,728,963	55
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income - non-current (Note 7)	346	-	324	-	288	-
Property, plant and equipment (Notes 12, 26 and 27)	9,209,281	40	9,548,512	42	10,074,099	44
Right-of use assets (Notes 13 and 26)	23,405	-	30,015	-	35,779	-
Intangible assets (Notes 14 and 26)	6,545	-	6,564	-	6,443	-
Deferred tax assets (Notes 4 and 21)	240,674	1	227,629	1	217,063	1
Prepayment for equipment	6,696	-	9,492	-	1,909	-
Refundable deposits	205	-	205	-	357	-
Other non-current assets (Note 15)	1,990	-	2,995	-	1,530	-
Total non-current assets	9,489,142	41	9,825,736	43	10,337,468	45
TOTAL	$ 23,006,874	100	$ 23,101,308	100	$ 23,066,431	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Contract liabilities - current (Note 19)	$ 201,931	1	$ 153,973	1	$ 169,116	1
Trade payables to unrelated parties	309,159	1	421,262	2	225,725	1
Trade payables to related parties (Note 26)	109,652	-	106,536	-	87,169	-
Other payables (Note 16)	1,536,940	7	941,537	4	1,898,832	8
Other payables to related parties (Notes 16 and 26)	134,762	1	259,170	1	167,889	1
Current tax liabilities (Notes 4 and 21)	175,109	1	364,517	2	230,238	1
Lease liabilities - current (Notes 13 and 26)	9,462	-	11,352	-	11,307	-
Other current liabilities	11,753	-	11,558	-	12,201	-
Total current liabilities	2,488,768	11	2,269,905	10	2,802,477	12
NON-CURRENT LIABILITIES						
Deferred tax liabilities (Notes 4 and 21)	27,466	-	20,930	-	17,877	-
Lease liabilities - non-current (Notes 13 and 26)	14,188	-	18,890	-	24,644	-
Net defined benefit liabilities - non-current (Notes 4 and 17)	378,779	2	375,686	2	387,094	2
Guarantee deposits	170	-	683	-	188	-
Other non-current liabilities	13,604	-	69,186	-	64,545	-
Total non-current liabilities	434,207	2	485,375	2	494,348	2
Total liabilities	2,922,975	13	2,755,280	12	3,296,825	14
EQUITY (Notes 18 and 24)						
Share capital						
Ordinary shares	3,878,483	17	3,878,483	17	3,878,483	17
Capital surplus	5,739,235	25	5,739,235	25	5,739,265	25
Retained earnings						
Legal reserve	2,424,699	10	2,293,240	10	2,293,240	10
Unappropriated earnings	8,051,198	35	8,414,855	36	7,836,252	34
Total retained earnings	10,475,897	45	10,708,095	46	10,129,492	44
Other equity	(9,716)	-	20,215	-	22,366	-
Total equity	20,083,899	87	20,346,028	88	19,769,606	86
TOTAL	$ 23,006,874	100	$ 23,101,308	100	$ 23,066,431	100

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

FORMOSA SUMCO TECHNOLOGY CORPORATION AND SUBSIDIARIES

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2021		2020		2021		2020	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE (Notes 19, 26 and 30)	$ 2,857,443	100	$ 3,093,545	100	$ 5,811,088	100	$ 6,025,088	100
OPERATING COST (Notes 10, 14, 17, 20 and 26)	(2,326,811)	(82)	(2,450,499)	(79)	(4,677,690)	(81)	(4,808,758)	(80)
GROSS PROFIT	530,632	18	643,046	21	1,133,398	19	1,216,330	20
OPERATING EXPENSES (Notes 17, 20 and 26)								
Marketing	(90,223)	(3)	(97,073)	(3)	(189,781)	(3)	(180,546)	(3)
Administrative	(60,939)	(2)	(61,304)	(2)	(123,807)	(2)	(115,405)	(2)
Total operating expenses	(151,162)	(5)	(158,377)	(5)	(313,588)	(5)	(295,951)	(5)
INCOME FROM OPERATIONS	379,470	13	484,669	16	819,810	14	920,379	15
NON-OPERATING INCOME AND EXPENSES (Notes 20 and 26)								
Interest income	5,134	-	14,064	1	10,645	-	31,415	1
Other income	1,568	-	3,457	-	5,074	-	8,639	-
Other gains and losses	(74,005)	(2)	(114,612)	(4)	(126,748)	(2)	(89,165)	(2)
Finance costs	(107)	-	(282)	-	(244)	-	(545)	-
Total non-operating income and expenses	(67,410)	(2)	(97,373)	(3)	(111,273)	(2)	(49,656)	(1)
INCOME BEFORE INCOME TAX	312,060	11	387,296	13	708,537	12	870,723	14
INCOME TAX EXPENSE (Notes 4 and 21)	(36,700)	(2)	(45,971)	(2)	(106,861)	(2)	(134,741)	(2)
NET INCOME	275,360	9	341,325	11	601,676	10	735,982	12
OTHER COMPREHENSIVE INCOME (LOSS) (Note 18)								
Items that may be reclassified subsequently to profit or loss:								
Exchange difference on translating foreign operations	32	-	23	-	22	-	(29)	-
Items that will not be reclassified subsequently to profit or loss:								
Unrealized gain on investments in equity instruments designated as at fair value through other comprehensive income	(8,378)	-	(9,738)	-	(29,953)	-	(3,695)	-
Other comprehensive income for the year, net of income tax	(8,346)	-	(9,715)	-	(29,931)	-	(3,724)	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	$ 267,014	9	$ 331,610	11	$ 571,745	10	$ 732,258	12

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FORMOSA SUMCO TECHNOLOGY CORPORATION AND SUBSIDIARIES

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2021		2020		2021		2020	
	Amount	%	Amount	%	Amount	%	Amount	%
EARNINGS PER SHARE (Note 22)								
Basic earnings per share	$ 0.71		$ 0.88		$ 1.55		$ 1.90	
Diluted earnings per share	$ 0.71		$ 0.88		$ 1.55		$ 1.90	

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

FORMOSA SUMCO TECHNOLOGY CORPORATION AND SUBSIDIARIES

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

			Retained Earnings			Others			
	Share Capital	Capital Surplus	Legal Reserve	Unappropriated Earnings	Total	Exchange Difference on Translating Foreign Operations	Unrealized Gain (Loss) on Investments in Financial Assets Designated as at Fair Value Through Other Comprehensive Income	Total	Total Equity
BALANCE AT JANUARY 1, 2020	$ 3,878,483	$ 5,739,217	$ 2,080,660	$ 8,670,319	$ 10,750,979	$ 25,811	$ 279	$ 26,090	$ 20,394,769
Appropriation of the 2019 earnings									
Legal reserve	-	-	212,580	(212,580)	-	-	-	-	-
Cash dividends	-	-	-	(1,357,469)	(1,357,469)	-	-	-	(1,357,469)
	-	-	212,580	(1,570,049)	(1,357,469)	-	-	-	(1,357,469)
Dividends expired and uncollected by shareholders	-	48	-	-	-	-	-	-	48
Net profit for the six months ended June 30, 2020	-	-	-	735,982	735,982	-	-	-	735,982
Other comprehensive income for the six months ended June 30, 2020	-	-	-	-	-	(3,695)	(29)	(3,724)	(3,724)
Total comprehensive income for the six months ended June 30, 2020	-	-	-	735,982	735,982	(3,695)	(29)	(3,724)	732,258
BALANCE AT JUNE 30, 2020	$ 3,878,483	$ 5,739,265	$ 2,293,240	$ 7,836,252	$ 10,129,492	$ 22,116	$ 250	$ 22,366	$ 19,769,606
BALANCE AT JANUARY 1, 2021	$ 3,878,483	$ 5,739,235	$ 2,293,240	$ 8,414,855	$ 10,708,095	$ 19,929	$ 286	$ 20,215	$ 20,346,028
Appropriation of the 2020 earnings									
Legal reserve	-	-	131,459	(131,459)	-	-	-	-	-
Cash dividends	-	-	-	(833,874)	(833,874)	-	-	-	(833,874)
	-	-	131,459	(965,333)	(833,874)	-	-	-	(833,874)
Net profit for the six months ended June 30, 2021	-	-	-	601,676	601,676	-	-	-	601,676
Other comprehensive income for the six months ended June 30, 2021	-	-	-	-	-	(29,953)	22	(29,931)	(29,931)
Total comprehensive income for the six months ended June 30, 2021	-	-	-	601,676	601,676	(29,953)	22	(29,931)	571,745
BALANCE AT JUNE 30, 2021	$ 3,878,483	$ 5,739,235	$ 2,424,699	$ 8,051,198	$ 10,475,897	$ (10,024)	$ 308	$ (9,716)	$ 20,083,899

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

FORMOSA SUMCO TECHNOLOGY 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		
Income before income tax	$ 708,537	$ 870,723
Adjustments for:		
Depreciation expenses	1,059,650	1,121,627
Amortization expenses	1,802	1,236
Interest expense	244	545
Interest income	(10,645)	(31,415)
Dividend income	-	(9)
Loss on disposal of property, plant and equipment	23	-
Write-down of inventories	20,202	2,568
Net loss on foreign currency exchange	10,285	23,193
Changes in operating assets and liabilities		
Trade receivables	(64,046)	(258,131)
Other receivables	3,797	22,485
Inventories	41,896	(15,553)
Prepayments	(40,499)	17,778
Contract liabilities	47,958	99,524
Trade payables	(107,405)	(206,616)
Other payables	(106,799)	(320,302)
Other current liabilities	195	2,771
Net defined benefit liabilities	3,093	3,204
Cash generated from operations	1,568,288	1,333,628
Interest received	13,901	33,513
Dividend received	-	9
Interest paid	(244)	(545)
Income tax paid	(302,778)	(114,980)
Net cash generated from operating activities	1,279,167	1,251,625
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	(1,000,000)	(300,000)
Payments for property, plant and equipment	(1,003,298)	(429,909)
Payments for intangible assets	(780)	(6,903)
Increase in prepayments for equipment	(13,626)	(13,224)
Increase in refundable deposits	-	(148)
Net cash used in investing activities	(2,017,704)	(750,184)

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FORMOSA SUMCO TECHNOLOGY 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		
Repayment of the principal portion of lease liabilities	$ (5,653)	$ (5,630)
Proceed from guarantee deposits received	(513)	(59)
Payment of cash dividends	(2)	-
Increase in other non-current liabilities	(55,582)	4,431
Net cash used in financing activities	(61,750)	(1,258)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	36,210	5,855
NET INCREASE IN CASH AND CASH EQUIVALENTS	(764,077)	506,038
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	7,860,058	6,624,751
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$ 7,095,981	$ 7,130,789

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

FORMOSA SUMCO TECHNOLOGY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)
(Reviewed, Not Audited)

1. GENERAL INFORMATION

Formosa Sumco Technology Corporation (the "Company", formerly Formosa Komatsu Silicon Corporation) was established by Formosa Plastics Corporation, Asia Pacific Investment Corporation and Komatsu Electronic Metals Co., Ltd. The Company was incorporated in Yulin County, Republic of China ("ROC") and commenced its business in November 1995. The Company mainly manufactures, sells, and trades silicon wafers.

On October 18, 2006, Sumco Corporation acquired 51% of equity in Komatsu Electronic Metals Co., Ltd. As the result, the Company's name was changed to Formosa Sumco Technology Corporation in accordance with the resolution passed at the general shareholders' meeting on December 29, 2006, and this name change was registered with the Ministry of Economic Affairs, Republic of China. Komatsu Silicon Corporation has changed its name to Sumco Techxiv Corporation.

The Company became publicly listed on September 12, 2006, and its shares have been listed and started trading on the Emerging Stock Board ("ESB") on November 23, 2006. The Company was subsequently listed and started trading on the Taiwan Stock Exchange since December 10, 2007.

The Company's parent is Sumco Techxiv Corporation, which held 45.57% of ordinary shares of the Company as of June 30, 2021 and 2020, respectively. The Company's ultimate parent is Sumco Corporation.

The consolidated financial statements are presented in the Company's functional currency, the New Taiwan dollars.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors on August 11, 2021.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

a. The IFRSs endorsed by the Financial Supervisory Commission (FSC) for application starting from 2022

New IFRSs	Effective Date Announced by IASB
"Annual Improvements to IFRS Standards 2018-2020"	January 1, 2022 (Note 1)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 2)
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 3)
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022 (Note 4)

Note 1: The amendments to IFRS 9 are 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" are 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 "First-time Adoptions of IFRSs" are applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 2: 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 3: The amendments are applicable to 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 January 1, 2021.

Note 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

b. New IFRSs in Issue But Not Yet Endorsed and Issued into Effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
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, 2022
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 2)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 3)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 4)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 4: Except that deferred taxes will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

These interim 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” as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual financial statements.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

3) Level 3 inputs are unobservable inputs for the asset or liability.

c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e. its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition up to the effective date of disposal, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Group.

See Note 11 and Table 6 for the detailed information of subsidiaries (including the percentage of ownership and main businesses).

d. Other significant accounting policies

Except for the following, the accounting policies to these consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 2020.

1) Retirement benefit plan

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.

2) Taxation

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 consistent with the accounting for the transaction itself which gives rise to the tax consequence, and 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 UNCERTAINTY

The accounting policies applied to these consolidated financial statements are consistent with those applied to the consolidated financial statements for the year ended December 31, 2020.

6. CASH AND CASH EQUIVALENTS

	June 30, 2021	December 31, 2020	June 30, 2020
Cash on hand	$ -	$ -	$ 5
Checking deposits	791,161	336	385
Demand deposits	486	546	525
Foreign currency deposits	661,092	879,244	1,095,770
Cash equivalent (investments with original maturities less than 3 months)			
Commercial papers	399,826	754,923	1,334,992
Repurchase agreements collateralized by bonds	1,203,013	1,367,261	327,447
Time deposits	4,040,403	4,857,748	4,371,665
	$ 7,095,981	$ 7,860,058	$ 7,130,789

The market rate intervals of cash in bank, commercial papers, repurchase agreement collateralized by bonds and time deposits at the end of the reporting period were as follows:

	June 30, 2021	December 31, 2020	June 30, 2020
Demand deposits	0.02%	0.02%	0.02%
Foreign currency deposits	0.01%	0.01%	0.01%
Commercial papers	0.20%-0.23%	0.22%-0.27%	0.30%-0.35%
Repurchase agreement collateralized by bonds	0.19%-0.20%	0.22%-0.24%	0.36%-0.37%
Time deposits	0.18%-0.38%	0.33%-0.42%	0.38%-2.40%

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	June 30, 2021	December 31, 2020	June 30, 2020
Non-current			
Domestic investments			
Listed shares and emerging market shares			
Ordinary shares - Formosa Petrochemical Corporation	$ 346	$ 324	$ 288

The Group invested in the ordinary shares of Formosa Petrochemical Corporation for long-term strategy purposes, and expects to profit from the shares through long-term investment. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

8. FINANCIAL ASSETS AT AMORTIZED COST

	June 30, 2021	December 31, 2020	June 30, 2020
Current			
Domestic investments			
Time deposits with original maturities of more than 3 months	$ 1,300,000	$ 300,000	$ 300,000

The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 0.38%, 0.42% and 0.52% for June 30, 2021, December 31, 2021 and June 30, 2020.

9. TRADE RECEIVABLES AND OTHER RECEIVABLES

	June 30, 2021	December 31, 2020	June 30, 2020
Trade receivables			
At amortized cost			
Trade receivables - unrelated parties	$ 1,670,197	$ 1,671,922	$ 1,874,688
Trade receivables - related parties	354,384	305,906	339,026
Less: Allowance for impairment loss	-	-	-
	$ 2,024,581	$ 1,977,828	$ 2,213,714
Other receivables			
Tax refund receivable (sales tax)	$ 32,425	$ 37,250	$ 7,288
Other	2,126	3,054	8,241
	$ 34,551	$ 40,304	$ 15,529
Other receivables - related parties			
Commission receivable and selling silicon waste	$ 1,329	$ 2,629	$ 3,537

Trade Receivables at Amortized Cost

In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Group's provision matrix.

June 30, 2021

	Not Past Due	Less than 60 Days	61 to 90 Days	91 to 120 Days	Over 120 Days	Total
Expected credit loss rate	0%	0%	0%	0%	0%	-
Gross carrying amount	$ 2,024,581	$ -	$ -	$ -	$ -	$ 2,024,581
Loss allowance (Lifetime ECL)	-	-	-	-	-	-
Amortized cost	$ 2,024,581	$ -	$ -	$ -	$ -	$ 2,024,581

December 31, 2020

	Not Past Due	Less than 60 Days	61 to 90 Days	91 to 120 Days	Over 120 Days	Total
Expected credit loss rate	0%	0%	0%	0%	0%	-
Gross carrying amount	$ 1,977,828	$ -	$ -	$ -	$ -	$ 1,977,828
Loss allowance (Lifetime ECL)	-	-	-	-	-	-
Amortized cost	$ 1,977,828	$ -	$ -	$ -	$ -	$ 1,977,828

June 30, 2020

	Not Past Due	Less than 60 Days	61 to 90 Days	91 to 120 Days	Over 120 Days	Total
Expected credit loss rate	0%	0%	0%	0%	0%	-
Gross carrying amount	$ 2,213,714	$ -	$ -	$ -	$ -	$ 2,213,714
Loss allowance (Lifetime ECL)	-	-	-	-	-	-
Amortized cost	$ 2,213,714	$ -	$ -	$ -	$ -	$ 2,213,714

10. INVENTORIES

	June 30, 2021	December 31, 2020	June 30, 2020
Raw materials	$ 771,515	$ 750,902	$ 786,209
Supplies	1,048,466	1,082,442	975,624
Work in progress	562,343	564,383	548,686
Finished goods	643,027	679,605	688,473
Merchandise inventories	5,606	7,444	15,032
Less: Allowance for inventory devaluation	(137,413)	(117,270)	(111,491)
	$ 2,893,544	$ 2,967,506	$ 2,902,533

The cost of inventories recognized as cost of goods sold for the three months and six months ended June 30, 2021 was $2,326,811 thousand and $4,677,690 thousand, respectively.

The cost of revenue recognized as cost of goods sold for the three months and six months ended June 30, 2021, included inventory write-downs of $10,836 thousand and $20,202 thousand, and income from selling silicon waste of $19,734 thousand and $33,677 thousand, respectively.

The cost of inventories recognized as cost of goods sold for the three months and six months ended June 30, 2020 was $2,450,499 thousand and $4,808,758 thousand, respectively.

The cost of revenue recognized as cost of goods sold for the three months and six months ended June 30, 2020, included inventory write-downs of $2,146 thousand and $2,568 thousand, and income from selling silicon waste of $12,379 thousand and $29,132 thousand, respectively.

11. SUBSIDIARIES

Subsidiary Included in the Consolidated Financial Statements

			Proportion of Ownership		
Investor	Investee	Nature of Activities	June 30, 2021	December 31, 2020	June 30, 2020
The Company	Japan Formosa Sumco Technology Corporation	Manufacturing, selling and other related business of high quality ingot	100%	100%	100%

The above subsidiary was incorporated in the consolidated financial statements on the basis of reviewed financial statements as of and for the same reporting periods as the Company.

12. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery and Equipment	Other Equipment	Equipment Under Installation and Construction in Progress	Total
Cost						
Balance at January 1, 2020	$ 120,906	$ 3,901,905	$ 32,397,869	$ 813,591	$ 1,497,235	$ 38,731,506
Additions	-	-	8,688	33,193	283,405	325,286
Reclassified	-	26,966	788,601	12,311	(827,878)	-
Disposals	-	-	-	(2,026)	-	(2,026)
Effect of foreign currency exchange differences	-	-	(11,610)	(188)	-	(11,798)
Balance at June 30, 2020	$ 120,096	$ 3,928,871	$ 33,183,548	$ 856,881	$ 952,762	$ 39,042,968
Accumulated depreciation and impairment						
Balance at January 1, 2020	$ -	$ 1,462,462	$ 25,680,303	$ 716,852	$ -	$ 27,859,617
Disposals	-	-	-	(2,026)	-	(2,026)
Depreciation expense	-	55,033	1,043,501	17,374	-	1,115,908
Effect of foreign currency exchange differences	-	-	(4,539)	(91)	-	(4,630)
Balance at June 30, 2020	$ -	$ 1,517,495	$ 26,719,265	$ 732,109	$ -	$ 28,968,869
Carrying amounts at June 30, 2020	$ 120,906	$ 2,411,376	$ 6,464,283	$ 124,772	$ 952,762	$ 10,074,099
Cost						
Balance at January 1, 2021	$ 120,906	$ 3,933,248	$ 33,583,371	$ 923,231	$ 1,040,953	$ 39,601,709
Additions	-	-	14,812	13,759	735,071	763,642
Reclassified	-	11,281	238,218	11,830	(261,329)	-
Disposals	-	-	(7,115)	(1,680)	-	(8,795)
Effect of foreign currency exchange differences	-	-	(88,305)	(1,425)	-	(89,730)
Balance at June 30, 2021	$ 120,096	$ 3,944,529	$ 33,740,981	$ 945,715	$ 1,514,695	$ 40,266,826
Accumulated depreciation and impairment						
Balance at January 1, 2021	$ -	$ 1,573,175	$ 27,730,332	$ 749,690	$ -	$ 30,053,197
Disposals	-	-	(7,115)	(1,657)	-	(8,772)
Depreciation expense	-	55,771	972,854	25,347	-	1,053,972
Effect of foreign currency exchange differences	-	-	(40,047)	(805)	-	(40,852)
Balance at June 30, 2021	$ -	$ 1,628,946	$ 28,656,024	$ 772,575	$ -	$ 31,057,545
Carrying amounts at December 31, 2020 and January 1, 2021	$ 120,906	$ 2,360,073	$ 5,853,039	$ 173,541	$ 1,040,953	$ 9,548,512
Carrying amounts at June 30, 2021	$ 120,906	$ 2,315,583	$ 5,084,957	$ 173,140	$ 1,514,695	$ 9,209,281

The above items of property, plant and equipment were depreciated on a straight-line basis over the estimated useful life of the asset:

Building	
Real estate, dormitory, warehouse, and readiness room	23-35 years
Wastewater treatment area and strain tank	15-35 years
Machinery and equipment	5-12 years
Other equipment	3-12 years

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	June 30, 2021	December 31, 2020	June 30, 2020
Carrying amounts			
Land	$ 9,156	$ 10,988	$ 12,819
Buildings	14,249	19,027	22,960
	$ 23,405	$ 30,015	$ 35,779

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Additions to right-of-use assets			$ -	$ 25,194
Depreciation charge for right-of-use assets				
Land	$ 915	$ 915	$ 1,831	$ 1,831
Buildings	1,935	1,947	3,847	3,888
	$ 2,850	$ 2,862	$ 5,678	$ 5,719

Except for the aforementioned addition and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the three months ended June 30, 2021 and 2020.

b. Lease liabilities

	June 30, 2021	December 31, 2020	June 30, 2020
Carrying amounts			
Current	$ 9,462	$ 11,352	$ 11,307
Non-current	$ 14,188	$ 18,890	$ 24,644

Range of discount rate for lease liabilities was as follows:

	June 30, 2021	December 31, 2020	June 30, 2020
Land	1.1%	1.1%	1.1%
Buildings	1.1%	1.1%	1.1%

14. INTANGIBLE ASSETS

	June 30, 2021	December 31, 2020	June 30, 2020
Technical cooperation fee	$ 6,545	$ 6,564	$ 6,443

	For the Three Months Ended June 30	
	2021	2020
Cost		
Balance at January 1	$ 7,728	$ -
Additions	780	6,903
Balance at June 30	$ 8,508	$ 6,903
Accumulated amortization		
Balance at January 1	$ 1,164	$ -
Amortization expense	799	460
Balance at June 30	$ 1,963	$ 460

The Company signed a technical cooperation arrangement with Sumco Corporation with total fee of JPY3,000 thousand (NT$780 thousand) in May 2021, has been paid JPY3,000 thousand (NT$780 thousand) in April and May 2020, and are amortized over a period of 60 months.

The Company signed a technical cooperation arrangement with Sumco Corporation with total fee of JPY28,000 thousand (NT$7,728 thousand) in March and December 2020, has been paid JPY28,000 thousand (NT$7,728 thousand) in February, April and December 2020, and are amortized over a period of 60 months.

The amortized expense as for the three months and six months ended June 30, 2021 was $413 thousand and $799 thousand. The amortization expense is recognized as technical corporation expense under operating costs.

The amortized expense as for the three months and six months ended June 30, 2020 was $368 thousand and $460 thousand. The amortization expense is recognized as technical corporation expense under operating costs.

15. OTHER ASSETS

	June 30, 2021	December 31, 2020	June 30, 2020
Prepayments	$ 167,746	$ 127,247	$ 162,861
Others (including test fee and electricity subsidies)	1,990	2,995	1,530
	$ 169,736	$ 130,242	$ 164,391
Current	$ 167,746	$ 127,247	$ 162,861
Non-current	1,990	2,995	1,530
	$ 169,736	$ 130,242	$ 164,391

16. OTHER LIABILITIES

	June 30, 2021	December 31, 2020	June 30, 2020
Current			
Other payables			
Payable for purchase of equipment	$ 164,357	$ 417,913	$ 53,282
Payable for salary and bonus	267,898	308,058	247,514
Payable for insurance	27,904	27,615	25,220
Payable for utilities	65,331	53,682	64,251
Payables for dividends	833,974	102	1,357,477
Others (Note)	177,476	134,167	151,088
	$ 1,536,940	$ 941,537	$ 1,898,832
Other payables - related party			
Payable for purchase of equipment - related party	$ 3,743	$ 6,265	$ 11,730
Payable for royalties - related party	100,751	210,734	118,923
Payable for expense - related party	30,268	42,171	37,236
	$ 134,762	$ 259,170	$ 167,889

Note: Others included under other payables - current are mainly payable for project fee, pension cost, employees' compensation, interest and taxation.

17. RETIREMENT BENEFIT PLANS

Pension costs in respect of defined benefit plans are calculated by the actuarially determined pension cost rate at the end of the prior financial year and are recognized in each period respectively as follow:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Operating cost	$ 2,453	$ 2,531	$ 4,914	$ 5,071
Operating expenses	657	624	1,312	1,249
	$ 3,110	$ 3,155	$ 6,226	$ 6,320

18. EQUITY

a. Share capital

Ordinary shares

	June 30, 2021	December 31, 2020	June 30, 2020
Numbers of shares authorized (in thousands)	775,697	775,697	775,697
Shares authorized	$ 7,756,966	$ 7,756,966	$ 7,756,966
Number of shares issued and fully paid (in thousands)	387,848	387,848	387,848
Shares issued	$ 3,878,483	$ 3,878,483	$ 3,878,483

Fully paid ordinary shares, which have a par value of $10, carry one vote per share and carry a right to dividends.

b. Capital surplus

	June 30, 2021	December 31, 2020	June 30, 2020
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital			
Issuance of ordinary shares (1)	$ 5,739,080	$ 5,739,080	$ 5,739,080
May be used to offset a deficit only			
Dividends expired and uncollected by shareholders (2)	155	155	185
	$ 5,739,235	$ 5,739,235	$ 5,739,265

1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

2) Accounted for as capital surplus - others, may be used only to offset a deficit.

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the amended Articles, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonus to shareholders. For the policies on distribution of employees' compensation and remuneration of directors and supervisors before and after amendment, please refer to f. employees' compensation and remuneration of directors and supervisors in Note 20.

The Company belongs to a high-tech capital intensive industry that is at the fast-growing phase of product life cycle. To ensure the cash require for the Company's present and future expansion plans, the Company has 3 different methods to distribute its dividends, including cash dividends, capitalization of retained earnings, and capital surplus, and according to distributable surplus less legal and special reserve, no more than 80% of dividends are to be distributed. In principle, cash dividends are the five to be distributed, and the aggregate proportion of capitalization of retained earnings and capital surplus may not exceed 50% of total dividends.

An appropriation of earnings to legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2020 and 2019 which were proposed by the board of directors on March 23, 2021, and approved in the shareholders' meetings on June 11, 2020, respectively, were as follows:

	Appropriation of Earnings For the Year Ended December 31		Dividends Per Share (NT$) For the Year Ended December 31	
	2020	**2019**	**2020**	**2019**
Legal reserve	$ 131,459	$ 212,580		
Cash dividends	833,874	1,357,469	$2,15	$3.50

The Group suspends 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". The shareholders' meeting will be held on July 28, 2021. However, the voting result by way of electronic transmission regarding the other proposed appropriation for 2020 reached the legal resolution threshold and the Group adjusted related amount accordingly.

d. Others equity items

The exchange differences arising on translation of foreign operation's net assets from its functional currency to the Group's presentation currency (NTD) are recognized directly in other comprehensive income and also accumulated in the foreign currency translation reserve. Exchange differences previously accumulated in the exchange differences on translating foreign operations are reclassified to profit or loss on the disposal of the foreign operation.

Unrealized gain/loss on financial assets at FVTOCI represents the cumulative gains or losses arising from the fair value measurement on financial assets that are recognized in other comprehensive income. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

19. REVENUE

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	**2020**	**2021**	**2020**
Revenue from the sale of goods	$ 2,857,443	$ 3,093,545	$ 5,811,088	$ 6,025,088

Contract Balances

	June 30, 2021	December 31, 2020	June 30, 2020	January 1, 2020
Trade receivables (Note 9)	$ 2,024,581	$ 1,977,828	$ 2,213,714	$ 1,973,598
Contract assets	$ 201,931	$ 153,973	$ 169,116	$ 69,592

20. NET INCOME

a. Interest income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Bank deposits	$ 4,495	$ 13,835	$ 9,572	$ 31,186
Financial assets at amortized cost	625	211	1,059	211
Others	14	18	14	18
	$ 5,134	$ 14,064	$ 10,645	$ 31,415

b. Other income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Dividend income	$ -	$ 9	$ -	$ 9
Others (including insurance claim income and commission income, etc.)	1,568	3,448	5,074	8,630
	$ 1,568	$ 3,457	$ 5,074	$ 8,639

c. Other gains and losses

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Net foreign exchange losses	$ (73,962)	$ (113,049)	$ (126,666)	$ (87,579)
Loss on disposal of property, plant and equipment	-	-	(23)	-
Others	(43)	(1,563)	(59)	(1,586)
	$ (74,005)	$ (114,612)	$ (126,748)	$ (89,165)

d. Finance costs

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Interest on lease liabilities	$ 72	$ 105	$ 152	$ 217
Other interest expenses	35	177	92	328
	$ 107	$ 282	$ 244	$ 545

e. Depreciation and amortization

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
An analysis of depreciation by function				
Operating costs	$ 518,138	$ 556,387	$ 1,053,891	$ 1,116,340
Operating expenses	2,882	2,633	5,759	5,287
	$ 521,020	$ 559,020	$ 1,059,650	$ 1,121,627
An analysis of amortization by function				
Operating costs	$ 919	$ 757	$ 1,802	$ 1,236
Operating expenses	-	-	-	-
	$ 919	$ 757	$ 1,802	$ 1,236

f. Employee benefits expense

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Post-employment benefits (Note 17)				
Defined contribution plans	$ 14,797	$ 14,214	$ 29,515	$ 27,903
Defined benefit plans	3,110	3,155	6,226	6,320
	17,907	17,369	35,741	34,223
Salary and bonus etc.	404,541	398,016	815,781	804,922
	$ 422,448	$ 415,385	$ 851,522	$ 839,145
An analysis of employee benefits expense by function				
Operating costs	$ 375,042	$ 367,963	$ 756,604	$ 744,773
Operating expenses	47,406	47,422	94,918	94,372
	$ 422,448	$ 415,385	$ 851,522	$ 839,145

g. Employees' compensation and remuneration to directors and supervisors

The Company accrued employees' compensation at the rates no less than 0.05% and no higher than 0.5%, respectively, of net profit before income tax and employees' compensation. For the three months and six months ended June 30, 2021 and 2020, the employees' compensation were as follows:

Accrual rate

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Employees' compensation	0.30%	0.30%	0.30%	0.30%
Remuneration of directors and supervisors	-	-	-	-

Amount

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Employees' compensation	$ 938	$ 1,154	$ 2,126	$ 2,594
Remuneration of directors and supervisors	$ -	$ -	$ -	$ -

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

The appropriations for employees' compensation and remuneration of directors and supervisors for 2020 and 2019 having been resolved by the board of directors March 23, 2021 and March 12, 2020, respectively, were as follows:

	For the Year Ended December 31	
	2020	2019
Employees' compensation	$ 4,647	$ 8,007
Remuneration of directors and supervisors	-	-

There was no difference between the actual amounts of employees' compensation and remuneration of directors and supervisors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2020 and 2019.

Information on the employees' compensation and remuneration of directors and supervisors resolved by the Company's board of directors in 2021 and 2020 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

h. Gain or loss on foreign currency exchange

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Foreign exchange gains	$ 33,923	$ 25,878	$ 72,694	$ 92,661
Foreign exchange losses	(107,885)	(138,927)	(199,360)	(180,240)
Net losses	$ (73,962)	$ (113,049)	$ (126,666)	$ (87,579)

21. INCOME TAX

a. Income tax recognized in profit or loss

Major components of tax expense recognized in profit or loss:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Current tax				
In respect of the current period	$ 22,006	$ 80,535	$ 94,934	$ 162,661
Income tax expense of unappropriated earnings	17,463	27,156	17,463	27,156
Adjustments for prior periods	-	(47,571)	973	(47,571)
Deferred tax				
In respect of the current period	(2,769)	(14,149)	(6,509)	(7,505)
Income tax expense recognized in profit or loss	$ 36,700	$ 45,971	$ 106,861	$ 134,741

b. Income tax assessments

The income tax returns through 2019, has been assessed by the tax authorities.

22. EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares outstanding in the computation of earnings per shares were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Net profit	$ 275,360	$ 341,325	$ 601,676	$ 735,982

Unit: Thousand Shares

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Weighted average number of ordinary shares in computation of basic earnings per share (in thousands)	387,848	387,848	387,848	387,848
Effect of potentially dilutive ordinary shares				
Employees' compensation (in thousands)	41	30	26	41
Weighted average number of ordinary share used in the computation of diluted earnings per share (in thousands)	387,889	387,878	387,874	387,889

If the Group offered to settle bonuses or compensation paid to employees in cash or shares, the Group assumed the entire amount of the bonus or compensation would be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the effect is dilutive. Such dilutive effect of the potential shares was included in the computation of diluted earnings per share until the directors resolve the number of shares to be distributed to employees at their meeting in the following year.

23. NON-CASH TRANSACTIONS

The cash dividends approved in the shareholders' meetings were not yet distributed as of June 30, 2021 and 2020 (refer to Notes 16 and 18, respectively).

24. CAPITAL MANAGEMENT

In consideration of the prevailing industry dynamics and the future development as well as the changes in the external economic environment, the Group manages its working capital and dividend needs in the future, to ensure that the Group will be able to continue as going concerns while maximizing the returns to shareholders as well as other related parties through the optimization of capital structure.

The Group could make adjustment to dividends payment to shareholders or authorize new shares in order to maintain or adjust the capital structure.

25. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

Management of the Group believes the carrying amounts of financial assets and financial liabilities recognized in the financial statements approximate their fair values.

b. Fair value of financial instruments measured at fair value on a recurring basis

Fair value hierarchy

June 30, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments FVTOCI				
Listed shares and emerging market shares	$ 346	$ -	$ -	$ 346

December 31, 2020

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Equity securities				
Listed shares and emerging market shares	$ 324	$ -	$ -	$ 324

June 30, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments FVTOCI				
Listed shares and emerging market shares	$ 288	$ -	$ -	$ 288

There were no transfers between Levels 1 and 2 in the current and prior periods.

c. Categories of financial instruments

	June 30, 2021	December 31, 2020	June 30, 2020
Financial assets			
Financial assets at amortized cost (1)	$ 10,424,222	$ 10,143,774	$ 9,656,638
Financial assets at FVTOCI			
Equity instruments	346	324	288
Financial liabilities			
Amortized cost (2)	972,301	1,402,340	758,531

1) The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, trade receivables, other receivables (excluding sales tax refund receivables), and refundable deposits.

2) The balances included financial liabilities measured at amortized cost, which comprise trade payables, other payables (excluding payable for salary and bonus, employees' compensation, pension cost, dividends and taxation), and guarantee deposits.

d. Financial risk management objectives and policies

The Group's major financial instruments include equity investments, trade receivables, trade payables, and bank borrowings. The Group's Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

There has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured.

a) Foreign currency risk

The Group has foreign currency sales and purchases, which exposed the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are set out in Note 28.

Sensitivity analysis

The Group was mainly exposed to the U.S. dollars (USD) and Japanese Yen (JPY).

The following table details the Group's sensitivity to a 10% increase and decrease in NTD (the functional currency) against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 10% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit associated with NTD weakening 10% against the relevant currency. For a 10% strengthening of NTD against the relevant currency, there would be an equal and opposite impact on pre-tax profit and the balances below would be negative.

	USD Impact		**JPY Impact**	
	For the Six Months Ended June 30		**For the Six Months Ended June 30**	
	2021	**2020**	**2021**	**2020**
Profit or loss	$ 392,581 (i)	$ 577,225 (i)	$ (24,167) (ii)	$ (21,586) (ii)

i. This was mainly attributable to the exposure outstanding on USD cash and cash equivalents, trade receivables and trade payables, which were not hedged at the end of the reporting period.

ii. This was mainly attributable to the exposure to outstanding on JPY cash and cash equivalents, trade receivables, and trade payables, which were not hedged, at the end of the reporting period.

The Group's sensitivity to U.S. dollars (USD) decreased during the current year mainly due to the decrease of USD trade receivables. In addition, the Group's sensitivity to Japanese Yen (JPY) has no major difference for the six months ended June 30, 2021 and 2020.

b) Interest rate risk

The carrying amount of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	June 30, 2021	December 31, 2020	June 30, 2020
Fair value interest rate risk			
Financial assets	$ 6,943,242	$ 7,279,932	$ 6,334,104
Cash flow interest rate risk			
Financial assets	661,579	879,790	1,096,295

Sensitivity analysis

The sensitivity analyses below were determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 1% increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 1% higher/lower and all other variables were held constant, the Group's pre-tax profit for the six months ended June 30, 2021 would increase/decrease by $3,308 thousand, respectively, which was mainly attributable to the Group's exposure to interest rates on floating rate bank deposits.

If interest rates had been 1% higher/lower and all other variables were held constant, the Group's pre-tax profit for the six months ended June 30, 2020 would increase/decrease by $5,481 thousand, respectively, which was mainly attributable to the Group's exposure to interest rates on floating rate bank deposits.

The Group's sensitivity to interest rates has no major difference for the six months ended June 30, 2021 and 2020.

2) 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. As at the end of the reporting period, the Group's maximum exposure to credit risk, which would case a financial loss to the Group due to the trade receivables arise from operating activities.

In order to minimize credit risk, management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowances are made for irrecoverable amounts. In this regard, management believes the Group's credit risk was significantly reduced.

The Group did not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics, except for the clients with trade receivables accounting for 10% of total monetary assets. The Group defines counterparties as having similar characteristics if they are related entities. The receivables from any other counterparty did not exceed 10% of total monetary assets at any time during the six months ended June 30, 2021, the year ended December 31, 2020, and the six months ended June 30, 2020.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents, highly liquid marketable securities, and sufficient bank borrowings deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

Liquidity and interest risk rate table

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The tables included both interest and principal cash flows.

To the extent that interest flows are floating rate, the undiscounted amount was derived from the interest rate at the end of the reporting period.

June 30, 2021

	1-6 Months	6 Months to 1 Year	1-3 Years	3+ Years
Non-derivative financial liabilities				
Non-interest bearing	$ 972,131	$ -	$ -	$ -
Lease liabilities	5,561	3,901	14,188	-
	$ 977,692	$ 3,901	$ 14,188	$ -

	Less than 1 Year	1-5 Years	5-10 Years	10+ Years
Lease liabilities	$ 9,462	$ 14,188	$ -	$ -

December 31, 2020

	1-6 Months	6 Months to 1 Year	1-3 Years	3+ Years
Non-derivative financial liabilities				
Non-interest bearing	$ 1,402,340	$ -	$ -	$ -
Lease liabilities	5,660	5,692	15,157	3,733
	$ 1,408,000	$ 5,692	$ 15,157	$ 3,733

	Less than 1 Year	1-5 Years	5-10 Years	10+ Years
Lease liabilities	$ 11,352	$ 18,890	$ -	$ -

June 30, 2020

	1-6 Months	6 Months to 1 Year	1-3 Years	3+ Years
Non-derivative financial liabilities				
Non-interest bearing	$ 758,343	$ -	$ -	$ -
Lease liabilities	5,638	5,669	24,644	-
	$ 763,981	$ 5,669	$ 24,644	$ -

	Less than 1 Year	1-5 Years	5-10 Years	10+ Years
Lease liabilities	$ 11,307	$ 24,644	$ -	$ -

The following table details the Group's expected maturity for some of its non-derivative financial assets. The tables below had been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Group's liquidity risk management as the liquidity is managed on a net asset and liability basis.

June 30, 2021

	1-6 Months	6 Months to 1 Year
Non-derivative financial assets		
Non-interest bearing	$ 2,817,868	$ -
Variable interest rate assets	661,612	-
Fixed interest rate assets	6,945,381	-
	$ 10,424,861	$ -

December 31, 2020

	1-6 Months	6 Months to 1 Year
Non-derivative financial assets		
Non-interest bearing	$ 1,984,052	$ -
Variable interest rate assets	879,877	-
Fixed interest rate assets	7,283,065	-
	$ 10,146,994	$ -

June 30, 2020

	1-6 Months	6 Months to 1 Year
Non-derivative financial assets		
Non-interest bearing	$ 2,222,345	$ -
Variable interest rate assets	1,096,348	-
Fixed interest rate assets	6,340,275	-
	$ 9,658,968	$ -

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities are subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

26. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and its related parties are disclosed below.

a. Related parties name and category

Related Party Name	Related Party Category
Sumco Corporation	Ultimate parent company
Sumco Techxiv Corporation	Parent of the Company
Sumco Technology Corporation	Sister company (subsidiary of Sumco Corporation)
Formosa Plastic Corporation	Investor with significant influence over the Group (equity-method investor holding 29.05% of the equity of the Company)
Formosa Technologies Corporation	Other (a director is the chairman of the Company)
Formosa Daikin Advanced Chemicals Co., Ltd.	Other (same chairman)
Formosa Heavy Industries Corporation	Other (same chairman)

b. Operating transaction

1) Sale of good

Line Items	Related Party Category	For the Three Months Ended June 30		For the Six Months Ended June 30	
		2021	2020	2021	2020
Sales	Ultimate parent company (Sumco Corporation)	$ 73,533	$ -	$ 162,479	$ -
	Parent entity (Sumco Techxiv Corporation)	445,991	509,409	873,680	955,846
		$ 519,524	$ 509,409	$ 1,036,159	$ 955,846

The transaction prices are based on mutual agreement. The credit terms are from the day the related party confirms the sale: (a) 60 days - parent company; (b) 55 days - ultimate parent company.

2) Purchases of goods

Related Party Category	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Ultimate parent company (Sumco Corporation)	$ 147,666	$ 140,906	$ 321,840	$ 269,199
Parent company of the Company (Sumco Techxiv Corporation)	8,024	5,169	16,780	13,331
Investor with significant influence over the Group	5,303	5,384	10,358	11,277
Others (same chairman or a director is the chairman of the Company)	6,244	4,587	10,729	8,721
	$ 167,237	$ 156,046	$ 359,707	$ 302,528

The transaction prices are based on mutual agreement. Payments are due within the following number of days from the receipt of the Group's goods: (a) 30 to 70 days - parent company; (b) 60 to 120 days - ultimate parent company; (c) immediately upon delivery - others.

3) Receivables from related parties

Line Items	Related Party Category	June 30, 2021	December 31, 2020	June 30, 2020
Trade receivable	Ultimate parent company (Sumco Corporation)	$ 48,661	$ 29,674	$ -
	Parent entity (Sumco Techxiv Corporation)	305,723	276,232	339,026
		$ 354,384	$ 305,906	$ 339,026

4) Payables to related parties

Line Items	Related Party Category	June 30, 2021	December 31, 2020	June 30, 2020
Trade payables	Ultimate parent company (Sumco Corporation)	$ 104,217	$ 100,525	$ 83,739
	Parent entity (Sumco Techxiv Corporation)	2,921	3,976	580
	Investor with significant influence over the Group	2,103	1,776	1,964
	Others (same chairman or a director is the chairman of the Company)	411	259	886
		$ 109,652	$ 106,536	$ 87,169

The outstanding trade payables to related parties are unsecured and will be paid by cash. The outstanding trade receivables from related parties are unsecured. For the six months ended June 30, 2021 and 2020, no impairment loss was recognized for trade receivables from related parties.

c. Commission income, selling waste income, other income and other receivables

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Ultimate parent company (commission income, accounted for as other revenue; accounted for as deduction of operating costs)	$ 520	$ 2,170	$ 1,684	$ 4,022
Sister company (selling waste income, accounted for as deduction of operating cost)	3,361	3,754	7,103	7,563
Investor with significant influence over the Group (other income)	305	177	575	588
	$ 4,186	$ 6,101	$ 9,362	$ 12,173

Line Items	June 30, 2021	December 31, 2020	June 30, 2020
Other receivables			
Ultimate parent company	$ 98	$ 1,288	$ 2,088
Sister company	1,231	1,341	1,449
	$ 1,329	$ 2,629	$ 3,537

d. Lease arrangements - the Group is lessee

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Acquisition of right-of-use assets				
Ultimate parent company (Sumco Corporation)	$ -	$ -	$ -	$ 18,526
Investors with significant influence over the Group (Formosa Plastic Corporation)	-	-	-	6,668
	$ -	$ -	$ -	$ 25,194

Line Item	Related Party Category	June 30, 2021	December 31, 2020	June 30, 2020
Lease liabilities	Ultimate parent company (Sumco Corporation)	$ 11,958	$ 14,691	$ 16,561
	Investors with significant influence over the Group (Formosa Plastic Corporation)	10,963	14,461	17,939
		$ 22,921	$ 29,152	$ 34,500

Related Party Category	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Interest expense				
Ultimate parent company (Sumco Corporation)	$ 37	$ 48	$ 76	$ 98
Investors with significant influence over the Group (Formosa Plastic Corporation)	34	53	72	110
	$ 71	$ 101	$ 148	$ 208

The rent to the related parties for the lease of land and offices is based on the price agreed by the parties and paid in monthly and six-month periods.

e. Loans to related parties

The Company has issued loans to the investor with significant influence (Formosa Plastic Corporation) which totaled $495,686 thousand. The Company provided the investor with significant influence with loans at interest rate of 1%, which were unsecured and has been recovered before June 30, 2021. The interest income from loan to the investor with significant influence (Formosa Plastic Corporation) were both $14 thousands for the three months and six months ended June 30, 2021.

The Company has issued loans to the investor with significant influence (Formosa Plastic Corporation) which totaled $644,870 thousand. The Company provided the investor with significant influence with loans at interest rate of 1%, which were unsecured and has been recovered before June 30, 2020. The interest income from loan to the investor with significant influence (Formosa Plastic Corporation) were both $18 thousands for the three months and six months ended June 30, 2020.

f. Loans from related parties

Japan Formosa Sumco Technology Corporation obtained loan from the investor with significant influence (Formosa Plastic Corporation) totaled $495,686 thousand at interest rate of 1% on June 9, 2021, the loan is unsecured and has been repaid by Japan Formosa Sumco Technology Corporation before June 30, 2021. The interest expense paid to the investor with significant influence (Formosa Plastic Corporation) for the three months and six months ended June 30, 2020 were both $14 thousand.

Japan Formosa Sumco Technology Corporation obtained loan from the investor with significant influence (Formosa Plastic Corporation) totaled $644,870 thousand at interest rate of 1% on June 9, 2020, the loan is unsecured and has been repaid by Japan Formosa Sumco Technology Corporation before June 30, 2020. The interest expense paid to the investor with significant influence (Formosa Plastic Corporation) for the three months and six months ended June 30, 2020 were both $18 thousand.

g. Other transactions with related parties

1) Manufacturing expense and accrued expenses - related parties

The repairs and maintenance expenses the Group paid to the other related party (Formosa Technologies Corporation) were $5,353 thousand and $4,803 thousand for the three months ended June 30, 2021 and 2020, respectively; $10,838 thousand and $10,961 thousand for the six months ended June 30, 2021 and 2020, respectively. The transaction amounts are based on mutual agreement, and settled within the year.

The repairs and maintenance expenses the Group paid to the other related party (Formosa Heavy Industry Corporation) were $0 thousand for the three months ended June 30, 2021, respectively; $2,205 thousand for the six months ended June 30, 2021, respectively. The transaction amounts are based on mutual agreement, and settled within the year.

The production cost paid by the Group to its ultimate parent company were $45,248 thousand, $50,613 thousand for the three months ended June 30, 2021 and 2020, respectively; $92,396 thousand and $94,338 thousand for the six months ended June 30, 2021 and 2020, respectively. The unpaid amount has been recognized as accrued expenses - related parties of $30,268 thousand, $42,171 thousand and $37,236 thousand, as of June 30, 2021, December 31, 2020 and June 30, 2020, respectively, and will be paid in the next month.

2) Acquisitions of equipment and payable for purchase of equipment - related parties

The Group acquired video conference network system and distributed control system DCS from other related parties (Formosa Plastic Corporation) in the six months ended June 30, 2021 with contract price of $940 thousand and $417 thousand, has been paid upon receipt.

The Group replaced manufacturing process control system from other related parties (Formosa Technologies Corporation) in the six months ended June 30, 2020 with contract price of $54,000 thousand. The payable balance of $2,700 thousand, as of June 30, 2020, accounted for as payable for equipments to related parties (other payable), and has been paid upon receipt.

The Group acquired facial identity access control system from inventor with significant influence (Formosa Plastic Corporation) in the six months ended June 30, 2020 with contract price of $1,900 thousand, the payable balance is $1,900 thousand as of June 30, 2020, accounted for as payable for equipments to related parties (other payable), and has been paid upon receipt.

The Group acquired production equipment from its parent company (Sumco Techxiv Corporation) with contract price of $195 thousand, has been paid upon receipt.

The Group acquired a warehouse management system from other related party (Formosa Technologies Corporation) for the year ended December 31, 2019 at a contract price of $72,790 thousand. The balance payable was $3,743 thousand, $3,565 thousand and $7,130 thousand, as of June 30, 2021, December 31, 2020, and June 30, 2020, which was recognized as payable for equipment to related parties (other payables) and will be paid upon receipt.

3) Other transactions

In May 2021, the Company has signed technical compensation arrangement with its ultimate parent company and acquired the technical know-how of silicon wafer production worth JPY3,000 thousand (NT$780 thousand) in April, and May 2021, has been paid JPY3,000 thousand (NT$780 thousand) in April, and May 2021 and was recognized as intangible assets (refer to Note 14).

In March and December 2020, the Company has signed technical compensation arrangement with its ultimate parent company and acquired the technical know-how of silicon wafer production worth JPY28,000 thousand (NT$7,728 thousand) in March, and December 2020, has been paid JPY28,000 thousand (NT$7,728 thousand) in March, April and December 2020 and was recognized as intangible assets (refer to Note 14).

Under an existing agreement effective since from 2003, the Company is liable of obligated to paying recurring royalty fees to its parent company regularly. The royalty fee was recognized as selling expenses from January 1 to June 30, 2021 and 2020. The unpaid amount as of June 30, 2021, December 31, 2020 and June 30, 2020 was recognized as accrued expenses (other payables) and will be paid in February of the following year.

In August 2010, the Company signed a technical right and support contract with its ultimate parent company. Under this contract, the Company receives support from the ultimate parent company in technical know-how and assistance in manufacturing of silicon wafer semiconductors. The Company should has the obligation to pay recurring royalty fees to the ultimate parent company regularly. The royalty fee was recognized as technical commission fees classified under selling expenses for the years ended December 31, 2021 and 2020. The unpaid amounts as of December 31, 2021 and 2020, were was recognized as royalties payable to related parties (other payables) and will be paid in February of the subsequent year.

The above-mentioned selling expenses and accrued expenses (other payables) resulted from transactions with related parties are summarized as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Selling expenses				
Parent company	$ 4,469	$ 4,848	$ 8,983	$ 9,411
Ultimate parent company (Sumco Corporation)	44,852	61,314	91,768	109,512
	$ 49,321	$ 66,162	$ 100,751	$ 118,923

	June 30, 2021	December 31, 2020	June 30, 2020
Accrued royalties - related party			
Parent company	$ 8,983	$ 19,620	$ 9,411
Ultimate parent company (Sumco Corporation)	91,768	191,474	109,512
	$ 100,751	$ 210,734	$ 118,923

h. Compensation of key management personnel

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Short-term employee benefits	$ 1,820	$ 2,077	$ 3,625	$ 4,263
Post-employment benefits	26	26	52	51
Other long-term employee benefits	4	3	7	6
	$ 1,850	$ 2,106	$ 3,684	$ 4,320

The remuneration of directors and other key executives was determined by the remuneration committee having regard to the performance of individuals and market trends.

27. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of June 30, 2021 were as follow:

The newly purchased machinery and equipment are exempt from tariff. Under the "estimated useful lives of fixed assets" enacted by Executive Yuan, if there's any capital reduction or other transfer of the machinery, equipment or components mentioned above to third party, except those transfer to permitted business, the Company should make a supplementary import duties of the fixed assets.

28. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the group entities and the exchange rates between foreign currencies and respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

June 30, 2021

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 151,066	27.870 (USD:NTD)	$ 4,210,212
JPY	14,712	0.2527 (JPY:NTD)	3,718
			$ 4,213,930
Financial liabilities			
Monetary items			
USD	7,750	27.870 (USD:NTD)	$ 215,998
USD	2,455	110.289 (USD:JPY)	68,408
JPY	971,067	0.2527 (JPY:NTD)	245,389
			$ 529,795

December 31, 2020

Financial assets	Foreign Currencies	Exchange Rate	Carrying Amount
Monetary items			
USD	$ 199,529	28.508 (USD:NTD)	$ 5,688,181
JPY	55,488	0.2724 (JPY:NTD)	15,115
			$ 5,730,296
Financial liabilities			
Monetary items			
USD	22,335	28.508 (USD:NTD)	$ 636,731
USD	2,475	104.66 (USD:JPY)	70,556
JPY	1,410,760	0.2724 (JPY:NTD)	384,291
			$ 1,091,578

June 30, 2020

Financial assets	Foreign Currencies	Exchange Rate	Carrying Amount
Monetary items			
USD	$ 200,364	29.660 (USD:NTD)	$ 5,942,809
JPY	23,650	0.2737 (JPY:NTD)	6,473
			$ 5,949,282
Financial liabilities			
Monetary items			
USD	3,726	30.254 (USD:NTD)	$ 112,739
USD	1,911	107.781 (USD:JPY)	57,824
JPY	792,067	0.2807 (JPY:NTD)	222,333
			$ 392,896

The Group is mainly exposed to USD and JPY. For the significant realized and unrealized foreign exchange gains (losses), please refer to Note 20 c and h.

29. DISCLOSED ITEMS

a. Information about significant transactions and investees

1) Financing provided to others. (Table 1)

2) Endorsements/guarantees provided. (None)

3) Marketable securities held (excluding investment in subsidiaries, associates and joint controlled entities). (Table 2)

4) Marketable securities acquired and disposed at costs or prices at least NT$300 million or 20% of the paid-in capital. (None)

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital. (None)

6) Disposal of individual real estate 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 amounting to at least NT$100 million or 20% of the paid-in capital. (Table 3)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital. (Table 4)

9) Trading in derivative instruments. (None)

10) Intercompany relationships and significant intercompany transactions. (Note 26 and Table 5)

11) Information on investees. (Table 6)

b. Information on investments in mainland China

None.

c. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 7)

30. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods. The Group's only reportable segment for the six months ended June 30, 2021 and 2020 is the silicon wafer segment as the Group's main activities are manufacturing and selling of silicon wafer electronic products. The accounting policy of the reportable segment is the same as Note 4 "summary of significant accounting policies".

a. Segment revenues and results

The following was an analysis of the Group's revenue and results from continuing operations by reportable segment.

	Segment Revenue For the Six Months Ended June 30		Segment Profit and Loss For the Six Months Ended June 30	
	2021	2020	2021	2020
Silicon wafer segment	$ 5,811,088	$ 6,025,088	$ 703,522	$ 863,670
Dividend income			-	9
Miscellaneous income			5,074	8,630
Miscellaneous expense			(59)	(1,586)
Profit before tax			$ 708,537	$ 870,723

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the six months ended June 30, 2021 and 2020.

Segment profit represents the profit earned by silicon wafer segment without dividend income and allocation of miscellaneous income (included in non-operating income), miscellaneous expense (included in other profit and loss) and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

b. Segment total assets and liabilities

The assets and liabilities information is not reported to chief management decision maker on a regular basis. Therefore, all the assets and liabilities are not allocated to the reportable segment.

FORMOSA SUMCO TECHNOLOGY CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE SIX MONTHS ENDED JUNE 30, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Party	Maximum Balance for the Period (Note 3)	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing (Note 2)	Business Transaction Amounts	Reason for Short-term Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrower	Total Financing Amount Limits	Note
													Item	Value			
0	Formosa Sumco Technology Corporation	Japan Formosa Sumco Technology Corporation	Receivables from related parties	Yes	$ 743,000 (Notes 3 and 4)	$ 743,000 (Notes 3 and 4)	$ 466,601 (Note 6)	1.00%	2	$ -	Operating capital	$ -	None	$ -	$ 2,008,390 (Note 9)	$ 10,041,950 (Note 10)	
		Formosa Plastic Corporation	Receivables from related parties	Yes	743,000 (Notes 3 and 4)	- (Notes 3, 4 and 5)	- (Note 5)	1.00%	2	-	Operating capital	-	None	-	5,020,975 (Note 8)	100,41,950 (Note 10)	

Note 1: a. “0” financing provide.
b. “1” and onward coded based on reduce of companies inverted.

Note 2: a. “1” with trade transaction.
b. “2” the need for short-term financing.

Note 3: The maximum balance for the period and ending balance represent the amounts approved by the Board of Directors.

Note 4: Financing period for Japan Formosa Technology Corporation from June 10, 2021 to June 9, 2022, financing period for Formosa Plastic Corporation from June 1, 2021 to May 31, 2022

Note 5: The Company recovered a $459,686 thousand loan from Formosa Plastic Corporation before June 30, 2021.

Note 6: The amount was eliminated upon consolidation.

TABLE 2

FORMOSA SUMCO TECHNOLOGY CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
JUNE 30, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Held Company Name	Marketable Securities Type and Name (Note 1)	Relationship with the Company (Note 2)	Financial Statement Account	Ending Balance				Note
				Shares	Carrying Value (Note 3)	Percentage of Ownership (%)	Fair Value	
Formosa Sumco Technology Corporation	Stock							
	Formosa Petrochemical Corporation		Financial assets at FVTOCI	3,247	$ 346		$ 346	

Note 1: The marketable securities, listed above includes stocks, bonds, beneficiary certifiable, and all form of securities listed under IFRS 9: Financial Instruments.

Note 2: The issuer of security is unrelated party. Hence, no descriptions of relationship.

Note 3: The carrying value equals the original cost of $38 thousand pluses year-end evaluation of $308 thousand.

Note 4: Please refer to Table 6 for further information above investee.

TABLE 3

FORMOSA SUMCO TECHNOLOGY 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
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Formosa Sumco Technology Corporation	Sumco Corporation	Ultimate parent company	Purchase	$ 285,245	9.57	60 to 120 days from the receipt of the Company's goods	No significant difference	No significant difference	$ (89,436)	(21.35)	
	Sumco Corporation	Ultimate parent company	Sale	162,479	2.80	Net 55 days from the end of the month of when invoice is issued	No significant difference	No significant difference	48,661	2.40	
	Sumco Techxiv Corporation	Parent company	Sale	873,680	15.03	Net 60 days from the end of the month of when invoice is issued	No significant difference	No significant difference	305,723	15.10	
	Japan Formosa Sumco Technology Corporation	Subsidiary	Purchase	336,578	11.29	70 days receipts of the Company's goods	No significant difference	No significant difference	(150,071)	(35.83)	Note
Japan Formosa Sumco Technology Corporation	Formosa Sumco Technology Corporation	Parent company	Sale	336,578	100.00	70 days receipts of the Company's goods	No significant difference	No significant difference	150,071	100.00	Note

Note: The amount was eliminated upon consolidation.

FORMOSA SUMCO TECHNOLOGY CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE SIX MONTHS ENDED JUNE 30, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Nature of Relationships	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Actions Taken		
Formosa Sumco Technology Corporation	Sumco Techxiv Corporation	Parent company	$ 305,723	6.01	$ -	-	$ 157,254	$ -
Japan Formosa Sumco Technology Corporation	Formosa Sumco Technology Corporation	Parent company	150,071 (Note 2)	3.91	-	-	24,525	-
Formosa Sumco Technology Corporation	Japan Formosa Sumco Technology Corporation	Subsidiary	468,807 (Notes 1 and 2)	Not applicable	-	-	-	-

Note 1: The Company issued loan to Japan Formosa Sumco Technology Corporation which includes principal $466,601 thousand and interest $2,206 thousand.

Note 2: The amount was eliminated upon consolidation.

FORMOSA SUMCO TECHNOLOGY CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2021
(Amounts in Thousands of New Taiwan Dollars)

No. (Note 1)	Company Name	Counterparty	Relationship	Transactions Details			
				Financial Statement Accounts	Amount (Note 3)	Payment Terms	% to Total Sales or Assets (Note 2)
0	The Company	Japan Formosa Sumco Technology Corporation	Subsidiary	Purchases of goods	$ 336,578	General terms	5.79
		〃	〃	Interest income	2,509	General terms	0.04
		〃	〃	Trade payables	150,071	General terms	0.65
		〃	〃	Other receivables (include interest receivables)	468,807	General terms	2.04

Note 1: The intercompany relationships are coded as blow:

a. “0” parent company
b. “1” and above coded based on the type of intercompany relationship.

Note 2: For assets and liabilities, amount is shown as a percentage to consolidated total assets as of June 30, 2020, while revenues, costs and expenses are shown as a percentage to consolidated total operating revenues for the six months ended June 30, 2020.

Note 3: The amount was eliminated upon consolidation.

FORMOSA SUMCO TECHNOLOGY CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE SIX MONTHS ENDED JUNE 30, 2021
(In Thousands of Foreign Currency/New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of June 30, 2021			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				June 30, 2021	December 31, 2020	Shares	%	Carrying Amount			
Formosa Sumco Technology Corporation	Japan Formosa Sumco Technology Corporation	Japan	Manufacture, selling and other related business of high quality ingot	JPY 998,000 (NT$ 248,390)	JPY 998,000 (NT$ 248,390)	9,980	100.00	JPY1,475,118 (NT$ 372,047)	JPY 16,785 (NT$ 4,554)	JPY 107,090 (NT$ 29,102)	Notes 1 and 2

Note 1: Carrying amount and share of profits (loss) is calculated from the financial statement audited by independent accountant and the percentage of ownership of investor company.

Note 2: The share of profits (losses) of investee includes the effect of unrealized gross profit on intercompany transaction.

Note 3: Intercompany balances and transactions between investor company and investee company have been eliminated upon consolidation.

FORMOSA SUMCO TECHNOLOGY CORPORATION AND SUBSIDIARIES

INFORMATION OF MAJOR SHAREHOLDERS
FOR THE SIX MONTHS ENDED JUNE 30, 2021

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Sumco Techxiv Corporation	176,742,849	45.57
Formosa Plastic Corporation	112,707,716	29.05
Asia Pacific Investment Corporation	34,675,146	8.94

Note: The main shareholder information in this table is calculated by the Taiwan Depository & Clearing Corporation on the last business day of the end of the quarter, and the total number of ordinary shares and special shares held by the shareholders that have been delivered by the company without physical registration (including treasury shares) is more than 5%. The share capital recorded in the company's consolidated financial report and the actual number of shares delivered without physical registration may be different due to the basis of preparation and calculation.