MERRY ELECTRONICS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

INDEPENDENT AUDITORS' REVIEW REPORT

June 30, 2021 AND 2020

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Merry Electronics Co., Ltd.

Introduction

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

Scope of Review

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

Basis for Qualified Conclusion

As explained in Notes 4 (3) and 6 (8), the financial statements of certain insignificant consolidated subsidiaries and certain investments accounted for using the equity method were not reviewed by independent auditors. Those statements reflect total assets of NT$5,027,240 thousand and NT$3,580,960 thousand, constituting 16% and 14% of the consolidated total assets, and total liabilities

of NT$2,252,802 thousand and NT$741,515 thousand, constituting 11% and 5% of the consolidated total liabilities as at June 30, 2021 and 2020, respectively, and reflect total revenue of NT$277,312 thousand, NT$241,712 thousand, NT$560,867 thousand and NT$416,901 thousand, constituting 3%, 4%, 4% and 4% of the consolidated revenues for the three months and six months then ended, respectively, and total comprehensive income (loss) of NT$106,408 thousand, NT$14,454 thousand, NT$130,688 thousand and (NT$34,507) thousand, constituting (394%), 3%, (89%) and 5% of the consolidated total comprehensive income for the three months and six months then ended, respectively.

Qualified Conclusion

Except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and certain investments accounted for using the equity method been reviewed by independent auditors, that we might have become aware of had it not been for the situation described above, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as on June 30, 2021 and 2020, and of its consolidated financial performance for the three months and six months then ended, and its consolidated cash flows for the six months then ended in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission.

Wang, Yu-Chuan

Liu, Mei-Lan

For and on behalf of PricewaterhouseCoopers, Taiwan
July 29, 2021

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

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

MERRY ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2021, DECEMBER 31, 2020 AND JUNE 30, 2020
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of June 30, 2021 and 2020 were reviewed, not audited)

	Assets	Notes	June 30, 2021 AMOUNT	%	December 31, 2020 AMOUNT	%	June 30, 2020 AMOUNT	%
	Current assets							
1100	Cash and cash equivalents	6 (1)	$ 5,651,209	18	$ 3,046,963	9	$ 6,242,503	25
1110	Financial assets at fair value through profit or loss - current	6 (2)	345,747	1	78,919	-	37,519	-
1120	Current financial assets at fair value through other comprehensive income	6 (3)	109,952	-	195,179	1	171,042	1
1136	Current financial assets at amortized cost	8	851,853	3	866,600	3	-	-
1170	Accounts receivable, net	6 (4)	7,471,140	23	12,441,418	36	5,121,032	20
1180	Accounts receivable due from related parties, net	7 (2)	33,637	-	273,532	1	13,905	-
1200	Other receivables		181,855	1	71,086	-	71,835	-
1210	Other receivables - related parties	7 (2)	411,495	1	705,555	2	436,619	2
130X	Inventories	6 (6)	4,322,389	13	3,791,659	11	2,645,490	11
1470	Other current assets	6 (7) and 7 (2)	502,170	2	708,638	2	276,793	1
11XX	**Current Assets**		19,881,447	62	22,179,549	65	15,016,738	60
	Non-current assets							
1510	Financial assets at fair value through profits or loss-non-current	6 (3)	26,468	-	26,468	-	24,305	-
1517	Non-current financial assets at fair value through other comprehensive income	6 (3)	1,380,367	4	1,573,153	5	1,620,032	6
1550	Investments accounted for under equity method	6 (8)	4,600,853	14	4,479,708	13	3,968,689	16
1600	Property, plant and equipment	6 (9)	3,987,448	13	3,694,738	11	2,407,905	9
1755	Right-of-use assets	6 (10)	280,148	1	356,010	1	189,722	1
1780	Intangible assets	6 (11)	1,379,905	4	1,418,090	4	1,447,381	6
1840	Deferred income tax assets	6 (30)	188,456	1	156,125	-	206,935	1
1900	Other non-current assets	6 (12)	295,760	1	271,507	1	183,158	1
15XX	**Non-current assets**		12,139,405	38	11,975,799	35	10,048,127	40
1XXX	**Total assets**		$ 32,020,852	100	$ 34,155,348	100	$ 25,064,865	100

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MERRY ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2021, DECEMBER 31, 2020 AND JUNE 30, 2020
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of June 30, 2021 and 2020 were reviewed, not audited)

	Liabilities and Equity	Notes	June 30, 2021 AMOUNT	%	December 31, 2020 AMOUNT	%	June 30, 2020 AMOUNT	%
	Current liabilities							
2100	Short-term borrowing	6 (13)	$ 5,477,130	17	$ 3,271,489	10	$ 665,760	3
2120	Financial liabilities at fair value through profit or loss - current	6 (2)	5,342	-	30,047	-	10,052	-
2150	Notes payable		2,614	-	-	-	74	-
2170	Accounts payable		4,659,848	15	6,466,930	19	3,468,110	14
2180	Accounts payable - related parties	7 (2)	2,298,963	7	4,167,477	12	2,136,947	9
2200	Other payables	6 (2)(14)	2,427,033	8	1,601,184	5	2,606,598	10
2220	Other payables - related parties	7 (2)	142,651	-	54,269	-	40,767	-
2230	Current income tax liabilities	6 (30)	103,433	-	268,961	1	274,315	1
2300	Other current liabilities	6 (15)(16)、7 (2)	3,356,362	11	3,799,911	11	783,588	3
21XX	**Current Liabilities**		18,473,376	58	19,660,268	58	9,986,211	40
	Non-current liabilities							
2530	Bonds payable	6 (16)	-	-	-	-	2,245,051	9
2540	Long-term borrowings	6 (17)	1,067,891	3	807,419	2	108,411	1
2570	Deferred income tax liabilities	6 (30)	1,177,121	4	1,169,790	4	979,106	4
2580	Non-current lease liabilities		72,719	-	115,044	-	97,213	-
2640	Accrued pension liabilities		83,805	-	85,701	-	86,075	-
2670	Other non-current liabilities	6 (8)	44,608	-	46,383	-	421,349	2
25XX	**Non-current liabilities**		2,446,144	7	2,224,337	6	3,937,205	16
2XXX	**Total liabilities**		20,919,520	65	21,884,605	64	13,923,416	56
	Equity attributable to owners of parent							
	Share capital	6 (20)						
3110	Common stock		2,096,826	7	2,093,332	6	2,085,514	8
	Capital surplus	6 (21)						
3200	Capital surplus		4,106,945	12	3,960,123	11	3,853,551	15
	Retained earnings	6 (22)						
3310	Legal reserve		2,006,040	6	2,006,040	6	2,006,040	8
3320	Special reserve		269,144	1	269,144	1	269,144	1
3350	Unappropriated retained earnings		2,497,624	8	3,433,731	10	2,406,887	10
	Other equity interest	6 (23)						
3400	Other equity interest		(335,667)	(1)	9,326	1	13,856	-
31XX	**Equity attributable to owners of the parent**		10,640,912	33	11,771,696	35	10,634,992	42
36XX	**Non-controlling interest**		460,420	2	499,047	1	506,457	2
3XXX	**Total equity**		11,101,332	35	12,270,743	36	11,141,449	44
	Significant contingent liabilities and unrecognized contract commitments	9						
	Significant events after the balance sheet date	11						
3X2X	**Total liabilities and equity**		$ 32,020,852	100	$ 34,155,348	100	$ 25,064,865	100

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

MERRY ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)
(UNAUDITED)

	Items	Notes	Three months ended June 30				Six months ended June 30			
			2021		2020		2021		2020	
			AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000	Sales revenue	6 (24) and 7 (2)	$ 8,168,668	100	$ 6,445,201	100	$ 15,903,460	100	$ 11,621,864	100
5000	Operating costs	6 (6) and 7 (2)	(7,385,166)	(91)	(5,444,295)	(85)	(14,336,705)	(90)	(10,064,604)	(87)
5900	Net operating margin		783,502	9	1,000,906	15	1,566,755	10	1,557,260	13
	Operating expenses	6 (28)(29)								
6100	Selling expenses		(96,349)	(1)	(78,456)	(1)	(186,560)	(1)	(155,806)	(1)
6200	General and administrative expenses		(285,785)	(3)	(249,832)	(4)	(584,211)	(4)	(468,151)	(4)
6300	Research and development expenses		(461,136)	(6)	(388,314)	(6)	(931,394)	(6)	(700,168)	(6)
6450	Expected credit impairment gain (loss)	12 (2)	8,885	-	(4,518)	-	8,262	-	1,694	-
6000	Total operating expenses		(834,385)	(10)	(721,120)	(11)	(1,693,903)	(11)	(1,322,431)	(11)
6900	Operating profit (loss)		(50,883)	(1)	279,786	4	(127,148)	(1)	234,829	2
	Non-operating income and expenses									
7100	Interest income	6 (25)	10,056	-	12,783	-	19,394	-	26,382	-
7010	Other income	6 (26)	116,402	2	94,707	2	153,348	1	127,599	1
7020	Other gains and losses	6 (27)	23,006	-	(8,543)	-	(437)	-	5,775	-
7050	Finance costs		(18,571)	-	(14,651)	-	(35,058)	-	(29,320)	-
7060	Share of profit of associates and joint ventures accounted for under the equity method	6 (8)	93,221	1	75,731	1	196,903	1	116,898	1
7000	Total non-operating income and expenses		224,114	3	160,027	3	334,150	2	247,334	2
7900	**Profit before income tax**		173,231	2	439,813	7	207,002	1	482,163	4
7950	Income tax expense	6 (30)	(24,190)	-	(140,966)	(2)	(4,478)	-	(142,752)	(1)
8200	**Profit for the period**		$ 149,041	2	$ 298,847	5	$ 202,524	1	$ 339,411	3

MERRY ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)
(UNAUDITED)

	Items	Notes	Three months ended June 30				Six months ended June 30			
			2021		2020		2021		2020	
			AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
	Other comprehensive income									
	Components of other comprehensive income that will not be reclassified to profit or loss									
8316	Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income, net	6 (3)(23)	($ 79,608)	(1)	$ 211,305	3	($ 188,528)	(1)	($ 807,466)	(7)
8320	Share of other comprehensive income of associates and joint ventures accounted for using the equity method, components of other comprehensive income that will not be reclassified to profit or loss		-	-	-	-	-	-	3,366	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6 (30)	70	-	(11)	-	(1,043)	-	528	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss		(79,538)	(1)	211,294	3	(189,571)	(1)	(803,572)	(7)
	Components of other comprehensive income that will be reclassified to profit or loss									
8361	Financial statements translation differences of foreign operations	6 (23)	(79,842)	(1)	(41,951)	-	(125,008)	(1)	(116,212)	(1)
8367	Unrealized gains (losses) from investments in debt instruments measured at fair value through other comprehensive income, net	6 (23)	(337)	-	(1,253)	-	807	-	(1,132)	-
8370	Share of other comprehensive income of associates and joint ventures accounted for using the equity method, components of other comprehensive income that will be reclassified to profit or loss	6 (23)	(40,919)	-	(62,098)	(1)	(75,746)	-	(103,828)	(1)
8399	Income tax relating to the components of other comprehensive income that will be reclassified to profit or loss	6 (30)	24,566	-	21,351	-	40,500	-	44,259	-
8360	Components of other comprehensive income that will be reclassified to profit or loss		(96,532)	(1)	(83,951)	(1)	(159,447)	(1)	(176,913)	(2)
8300	**Total other comprehensive income (loss) for the period**		($ 176,070)	(2)	$ 127,343	2	($ 349,018)	(2)	($ 980,485)	(9)
8500	**Total comprehensive(loss) for the period**		($ 27,029)	-	$ 426,190	7	($ 146,494)	(1)	($ 641,074)	(6)
	Profit (loss), attributable to:									
8610	Owners of parent		$ 111,217	2	$ 302,768	5	$ 132,137	1	$ 350,149	3
8620	Non-controlling interest		37,824	-	(3,921)	-	70,387	-	(10,738)	-
	Total Profit (Loss)		$ 149,041	2	$ 298,847	5	$ 202,524	1	$ 339,411	3
	Comprehensive income attributable to:									
8710	Owners of parent		($ 69,648)	(1)	$ 424,999	7	($ 222,973)	(1)	($ 632,256)	(6)
8720	Non-controlling interest		42,619	1	1,191	-	76,479	-	(8,818)	-
	Total Comprehensive Income (Loss)		($ 27,029)	-	$ 426,190	7	($ 146,494)	(1)	($ 641,074)	(6)
	Basic earnings per share	6 (31)								
9750	Total basic earnings per share		$	0.54	$	1.47	$	0.64	$	1.69
	Diluted earnings per share	6 (31)								
9850	Total diluted earnings per share		$	0.52	$	1.38	$	0.63	$	1.62

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

MERRY ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
SIX MONTHS ENDED JUNE 30, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)
(UNAUDITED)

	Notes	Equity attributable to owners of the parent							Non-Controlling interest	Total equity
		Share capital - common stock	Capital surplus-additional paid-in capital	Legal reserve	Special reserve	Unappropriated Retained earnings	Other equity interest	Total		
Six months ended June 2020										
Balance at January 1,2020		$ 2,086,684	$ 3,870,105	$ 1,745,768	$ 269,144	$ 3,834,442	$ 1,027,834	$ 12,833,977	$ 164,415	$ 12,998,392
Profit (loss) for the period		-	-	-	-	350,149	-	350,149	(10,738)	339,411
Other comprehensive income for the period		-	-	-	-	3,366	(985,771)	(982,405)	1,920	(980,485)
Total comprehensive income (loss) for the period		-	-	-	-	353,515	(985,771)	(632,256)	(8,818)	(641,074)
Appropriation and distribution of 2019 retained earnings	6 (22)									
Legal reserve		-	-	260,272	-	(260,272)	-	-	-	-
Cash dividends		-	-	-	-	(1,608,376)	-	(1,608,376)	-	(1,608,376)
Share-based payment	6 (19)	(1,170)	(18,259)	-	-	-	59,371	39,942	-	39,942
Disposal of investments in equity instruments measured at fair value	6 (3)	-	-	-	-	87,578	(87,578)	-	-	-
Recognition of change in equity of associates in proportion to the Group's ownership		-	1,683	-	-	-	-	1,683	-	1,683
Changes in ownership interests in subsidiaries		-	22	-	-	-	-	22	-	22
Acquired non-controlling interests in subsidiaries		-	-	-	-	-	-	-	350,860	350,860
Balance at June 30, 2020		$ 2,085,514	$ 3,853,551	$ 2,006,040	$ 269,144	$ 2,406,887	$ 13,856	$ 10,634,992	$ 506,457	$ 11,141,449
Six months ended June 2021										
Balance at January 1,2021		$ 2,093,332	$ 3,960,123	$ 2,006,040	$ 269,144	$ 3,433,731	$ 9,326	$ 11,771,696	$ 499,047	$ 12,270,743
Profit (loss) for the period		-	-	-	-	132,137	-	132,137	70,387	202,524
Other comprehensive income for the period		-	-	-	-	-	(355,110)	(355,110)	6,092	(349,018)
Total comprehensive income (loss) for the period		-	-	-	-	132,137	(355,110)	(222,973)	76,479	(146,494)
Appropriation and distribution of 2020 retained earnings	6 (22)									
Cash dividends		-	-	-	-	(1,068,244)	-	(1,068,244)	-	(1,068,244)
Share-based payments	6 (19)	3,494	31,036	-	-	-	10,117	44,647	-	44,647
Recognition of change in equity of associates in proportion to the Group's ownership		-	680	-	-	-	-	680	-	680
Acquired non-controlling interests in subsidiaries		-	115,106	-	-	-	-	115,106	(115,106)	-
Balance at June 30, 2021		$ 2,096,826	$ 4,106,945	$ 2,006,040	$ 269,144	$ 2,497,624	($ 335,667)	$ 10,640,912	$ 460,420	$ 11,101,332

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

MERRY ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED JUNE 30, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)
(Reviewed, Unaudited)

	Notes	Six months ended June 30 2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 207,002	$ 482,163
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense-property, plants and equipment	6 (9)(28)	218,380	166,391
Depreciation expense - right-of-use assets	6 (10)(28)	87,016	37,078
Amortization	6 (11)(28)	64,110	67,803
Expected credit impairment gain	12 (2)	(8,262)	(1,694)
Compensation cost of employee restricted shares	6 (19)	44,647	39,982
Loss (gain) on financial assets or liabilities at fair value through profit or loss		(8,248)	5,139
Loss on disposal of investments	6 (3)(27)	5,580	333
Share of profit of associates and joint ventures accounted for using equity method	6(8)	(196,903)	(116,898)
Interest income	6 (25)	(19,394)	(26,382)
Dividend income	6 (26)	(1,096)	-
Deferred income of government's compensation		(453)	(3,720)
Loss on disposal of property, plant and equipment	6 (27)	3,674	589
Finance costs		30,288	27,799
Interest expense-lease liability	6 (10)	4,770	1,521
Unrealized foreign exchange losses		20,009	8,337
Effect of exchange rate changes		(74,995)	(20,328)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets/liabilities mandatorily measured at fair value through profit or loss	6 (32)	(4,037)	(34,251)
Notes receivable		-	451
Accounts receivable (including related parties)		5,134,843	266,638
Other receivables (including related parties)		182,328	(74,948)
Inventories		(586,990)	(573,255)
Other current assets		200,153	(16,610)
Changes in operating liabilities			
Accounts payable		(1,745,388)	779,743
Accounts payable - related parties		(1,851,213)	(1,761,261)
Other payables		(323,836)	21,672
Other payables - related parties		88,523	(95,070)
Contract liabilities		76,361	342,089
Refund liabilities		(113,081)	-
Other current liabilities		(18,171)	2,665
Other non-current liabilities		2,112	-
Cash (outflow) inflow generated from operations		1,417,729	(474,024)
Interest received		12,457	26,277
Dividend received		1,096	-
Interest paid		(29,523)	(12,259)
Income taxes paid		(151,576)	(117,916)
Net cash inflows (outflows) generated from (used in) operating activities		1,250,183	(577,922)

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MERRY ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED JUNE 30, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)
(Reviewed, Unaudited)

	Notes	Six months ended June 30 2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in financial assets mandatorily measured at fair value through profit or loss	6 (32)	($ 280,000)	$ -
Acquisition of financial assets at amortized cost- current		(3,853)	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	6 (32)	83,970	138,720
Acquisition of property, plant and equipment	6 (32)	(531,296)	(393,317)
Proceeds from disposal of property, plant and equipment		43,070	25,875
Acquisition of intangible assets	6 (32)	(40,451)	(9,818)
(Increase) decrease in other non - current assets		1,681	(17,556)
(Increase) decrease in guarantee deposits paid		6,287	(22,001)
Acquisition of non-controlling interests in Subsidiary		(364,914)	-
Net cash flows used in investing activities		(1,085,506)	(278,097)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings	6 (33)	2,289,280	212,184
Increase (decrease) in other non-current liabilities	6 (33)	(5,248)	14,467
Repayment of principal portion of lease liabilities	6 (10)(33)	(105,927)	(51,602)
Proceeds from long-term borrowings		282,478	108,510
Repayment of long-term borrowings		-	(62,000)
Change in non-controlling interests	4 (3)	-	350,860
Cancellation of restricted employee shares		-	(40)
Net cash inflows generated from financing activities		2,460,583	572,379
Effect of change in foreign currency exchange		(21,014)	(63,720)
Net increase (decrease) in cash and cash equivalents		2,604,246	(347,360)
Cash and cash equivalents at beginning of period		3,046,963	6,589,863
Cash and cash equivalents at end of period		$ 5,651,209	$ 6,242,503

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

MERRY ELECTRONICS CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
SIX MONTHS ENDED JUNE 30, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
(REVIEWED, UNAUDITED)

1. HISTORY AND ORGANISATION

Merry Electronics Co., Ltd. (the "Company") was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) on December 24, 1975. The Company and its subsidiaries (collectively referred here in as the "Group") are primarily engaged in manufacturing, processing, repairing, sales of electric appliance and audiovisual electric products, telecommunication equipment and apparatus electronic parts and components, computers and computing peripheral equipment, restrained telecom radio frequency equipment and medical appliances; planning, design, input as well as output of service items' equipment; production as well as marketing management consultant of service items' relevant business; and all business items that are not prohibited or restricted by law, except those that are subject to special approval. The Company's shares were listed on the Taipei Exchange since August 1998 and transferred to the Taiwan Stock Exchange starting September 2000 with approval from the competent authority. The Company merged with its subsidiary, Huges Hi-Tech Inc., on September 1, 2005. The Company was the surviving company while Huges Hi-Tech Inc. was the dissolved company.

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

These consolidated financial statements were reported to the Board of Directors on July 29, 2021.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Impact on the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") as endorsed by the Financial Supervisory Commission ("FSC")

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 " Interest Rate Benchmark Reform— Phase 2"	January 1, 2021
Amendments to IFRS 16 "COVID-19-Related Rent Concessions after June 30, 2021"	April 1, 2021 (Note)

Note: The FSC permitted early adoption started from January 1, 2021.

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3 "'Reference to the Conceptual Framework"	January 1, 2022
Amendments to IAS 16 " Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022
Annual Improvements to IFRS Standards 2018–2020	January 1, 2022

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

(3) Impact on IFRS issued by IASB but not yet endorsed by the FSC

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

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

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

(2) Basis of preparation

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

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

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

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

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

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

Basis for preparation for the current period financial statements and the 2020 consolidated financial statements is the same.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business Activities	Ownership (%) June 30, 2021	Ownership (%) December 31, 2020	Ownership (%) June 30, 2020	Description
MEHO	Merry Electronics (HK) Co., Ltd. (MEST)	Sales of the same products as the Company.	100.00%	100.00%	100.00%	
MEHO	Merry Electronics (Thailand) Co., Ltd. (METC)	The same main business as the Company.	99.99%	99.99%	99.99%	NOTE 1
MEHO	Merry Electronics (U.S.A.) Co., Ltd. ("MECA")	Agency selling microphone and security system manufactured by affiliates.	99.90%	99.90%	99.90%	NOTE 1
MEHO	Danny Dynamics Limited ("DDBV")	Equity investments.	100.00%	100.00%	100.00%	

Name of investor	Name of subsidiary	Main business Activities	Ownership (%) June 30, 2021	December 31, 2020	June 30, 2020	Description
MEHO	Merry Electronics (Singapore) Pte.Ltd. ("MESG")	Manufacturing of other electronic components and circuit board.	100.00%	100.00%	100.00%	
MEHO	Merry Healthcare Co., LTD. ("MHKY")	Sales of medical device.	100.00%	100.00%	100.00%	NOTE 1
MEHO	Asian Elite International Ltd. ("MSCS")	Manufacturing and sales of speaker and amplifier.	100.00%	70.00%	70.00%	NOTE 1, 5
MEHO	Indigo Enterprise Inc. ("INSA")	Equity investments.	100.00%	70.00%	70.00%	NOTE 5
MEHO	Biotest Medical Corporation ("BTTT")	Manufacturing of medical device.	100.00%	100.00%	100.00%	NOTE 1
MEHO	MERRY & LUXSHARE (VIETNAM) CO., LTD. ("MEVN")	Manufacturing of speaker system and microphone for consumer electronics used.	51.00%	51.00%	51.00%	NOTE 1, 4
MEST	Merry Electronics (Shenzhen)Co., Ltd. ("MECL")	The same main business as the Company.	100.00%	100.00%	100.00%	
DDBV	Universal Capital Investment ("UCMU")	Equity investments.	100.00%	100.00%	100.00%	NOTE 1
DDBV	Merrytech (HK) Co., Limited ("MTHK")	Equity investments.	100.00%	100.00%	100.00%	
INSA	Sonavox Canada Inc. ("SOCV")	Develop-to-order and appearance design of speaker and amplifier.	100.00%	100.00%	100.00%	
SOCV	Sonavox Canada Holding. ("SOCA")	Equity investments.	100.00%	100.00%	100.00%	NOTE 1
SOCA	Seas Fabrikker ("SENM")	Manufacturing and sales of speaker monomer.	100.00%	100.00%	100.00%	NOTE 1
MHKY	Fulicare Co., Ltd. ("FUSA")	Sales of medical device.	97.12%	97.12%	96.64%	NOTE 1, 2
FUSA	Fulicare Medical Instruments (Suzhou) Co., Ltd. ("FUSZ")	Sales of medical device.	100.00%	100.00%	100.00%	NOTE 1
FUSA	Fulicare Medical Instruments	Manufacturing of medical device.	100.00%	100.00%	100.00%	NOTE 1

Name of investor	Name of subsidiary	Main business Activities	Ownership (%) June 30, 2021	December 31, 2020	June 30, 2020	Description
	(Xiamen) Co., Ltd. ("FUXM")					
FUSA	Xiamen Etimbre Hearing Technology Co., Ltd. ("ETCX")	Research and development, manufacturing as well as sales of hearing aid, hearing device and acoustics equipment.	100.00%	100.00%	100.00%	NOTE 1, 3
FUSZ and FUSA	Austar Hearing Science And Technology (Xiamen) Co., Ltd. ("ASCX")	Research and development, manufacturing as well as sales of hearing aid, hearing device and acoustics equipment.	99.50%	99.50%	99.50%	NOTE 1
ASCX	Austar Hearing Science And Technology (Zhangzhou) Co., Ltd. ("ASCZ")	Manufacturing of hearing aid and acoustics for rehabilitation device.	100.00%	100.00%	100.00%	NOTE 1
ASCX	Xiamen Laiyate Medical Devices Co., Ltd. ("LACX")	Research and development as well as technical sales of software functions for hearing aid.	100.00%	100.00%	100.00%	NOTE 1

Note 1: The financial statements of the entity as of and for the six months ended June 30, 2021 and 2020 were not reviewed by the independent auditors as the entity did not meet the definition of a significant subsidiary.

Note 2: In February 2020, March 2020, June 2020 and August 2020, the Group increased its capital in FUSA by cash amounting to USD 76 thousand (NTD 2,238 thousand), USD 4,000 thousand (NTD 116,400 thousand), USD 963 thousand (NTD 28,026 thousand) and USD 3,000 thousand (NTD 87,300 thousand), respectively.

Note 3: The Group increased its capital in ETCX by cash amounting to USD 566 thousand (NTD 16,748 thousand).

Note 4: On February 27, 2020, the Board of Directors of the Group approved to establish a joint venture, MERRY & LUXSHARE (VIETNAM) CO., LTD., with Luxshare-ICT through investments amounting to USD 12,240 thousand (NTD 366,710 thousand) and USD 11,760 thousand (NTD 350,860 thousand), which resulted in acquiring 51% and 49% of the joint venture equity interests, respectively. The joint venture was established on May 9, 2020.

Note 5: The Group acquired 70% of ordinary shares of Asian Elite International Ltd. and Indigo Enterprise Inc. in cash from 3rd party Newood Consultancy Limited and Keen Star

Holding Limited, with an agreement of acquisition of the remaining 30% ordinary shares by the Group after 3 years from the trading date. The payment has been made amounting to USD 13,200 thousand (NTD 364,914 thousand) on June 30, 2021 in exchange for the remaining 30% ordinary shares. The total shareholding is 100%, and the business registration is still in progress as of July 29, 2021. Please refer to Table 7 and Table 8 in Note 13.

C. Subsidiaries not included in the consolidated financial statements:
None.

D. Adjustments for subsidiaries with different balance sheet dates:
None.

E. Significant restrictions:
None.

F. Subsidiaries that have non-controlling interests that are material to the Group:
None.

(4) Employee benefits

Pensions

Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. Also, the related information is disclosed accordingly.

(5) Income tax

The interim period income tax expense is recognized based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

There was no significant change in the reporting period. Please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2020.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	June 30, 2021	December 31, 2020	June 30, 2020
Cash on hand and revolving funds	$ 1,193	$ 1,073	$ 3,802
Checking accounts and demand deposits	5,363,410	3,032,069	4,215,235
Time deposits	216,606	13,821	640,217
Short-term securities	70,000	-	1,383,249
	$ 5,651,209	$ 3,046,963	$ 6,242,503

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Group has cash and cash equivalents that are in restricted use due to the application of Taiwan Industry Innovation Platform Program (TIIP). Such restricted assets had been classified as financial assets at amortized cost. Please refer to Note 8.

C. The Group's time deposits with maturity over 3 months had been classified as current financial assets at amortized cost.

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

Items	June 30,2021	December 31, 2020	June 30, 2020
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
-Funds	$ 50,000	$ 50,000	$ 30,000
-Non-hedging derivatives	10,230	26,316	6,235
-Call options of convertible bonds	-	446	458
-Bonds	280,000	-	-
Valuation adjustment	5,517	2,157	826
Total	$ 345,747	$ 78,919	$ 37,519
Non-current items:			
Funds	$ 26,468	$ 26,468	$ 24,305

Items	June 30,2021	December 31, 2020	June 30, 2020
Current items:			
Financial liabilities held for trading	$ 5,342	$ 30,047	$ 10,052

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

	Three months ended June 30	
	2021	2020
Net gains on financial assets (liabilities) at fair value through profit or loss	$ 23,364	$ 15,364

	Six months ended June 30	
	2021	2020
Net gains on financial assets (liabilities) at fair value through profit or loss	$ 53,641	$ 30,893

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

	June 30, 2021		
Derivative instruments	Contract amount (Notional principal)	Contract period	Contract price
Forward foreign exchange contract to sell	USD 11,800 thousand	2021/05/31~ 2021/07/26	NTD 27.500~27.637
Forward foreign exchange contract to buy	USD 30,800 thousand	2021/05/31~ 2021/10/04	NTD 27.240~27.985

	December 31, 2020		
Derivative instruments	Contract amount (Notional principal)	Contract period	Contract price
Forward foreign exchange contract to sell	USD 70,000 thousand	2020/12/03~ 2021/01/29	NTD 28.105~28.487
Forward foreign exchange contract to sell	USD 3,000 thousand	2020/12/22~ 2021/01/07	CNY 6.541
Forward foreign exchange contract to sell	USD 8,189 thousand	2020/08/28~ 2021/03/01	THB 31.260
Forward foreign exchange contract to buy	USD 84,000 thousand	2020/12/03~ 2021/03/09	NTD 27.815~28.360
Forward foreign exchange contract to buy	USD 8,205 thousand	2020/08/28~ 2021/03/01	THB 31.200

	June 30, 2020		
Derivative instruments	Contract amount (Notional principal)	Contract period	Contract amount (Notional principal)
Forward foreign exchange contract to sell	USD 34,700 thousand	2020/06/10~ 2020/07/31	NTD29.514~29.627
Forward foreign exchange contract to sell	USD 8,000 thousand	2020/03/26~ 2020/10/12	CNY 7.115~7.116
Forward foreign exchange contract to sell	USD 9,631 thousand	2020/01/30~ 2020/08/03	THB 31.150
Forward foreign exchange contract to buy	USD 46,700 thousand	2020/05/25~ 2020/07/31	NTD 29.389~29.999
Forward foreign exchange contract to buy	USD 9,662 thousand	2020/01/30~ 2020/08/30	THB 31.050

The Group entered into forward foreign exchange contracts to hedge exchange rate risk of import and export proceeds. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

C. As of June 30, 2021, December 31, 2020 and June 30, 2020, the collectible payments for settled transactions amounted to $0 thousand, $0 thousand and $3,775 thousand, respectively. As of June 30, 2021, December 31, 2020 and June 30, 2020, the Group had outstanding payments for settled transactions amounting to $0 thousand (shown as other payables), $306 thousand and $0 thousand, respectively.

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

E. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12 (2).

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

Items	June 30, 2021	December 31, 2020	June 30, 2020
Current items:			
Debt instruments			
Bonds	$ -	$ 89,550	$ 89,550
Valuation adjustment	-	(3,735)	(265)
	-	85,815	89,285
Equity instruments			
Stocks	106,080	106,080	76,080
Valuation adjustment	3,872	3,284	5,677
	109,952	109,364	81,757
	$ 109,852	$ 195,179	$ 171,042

Items	June 30, 2021	December 31, 2020	June 30, 2020
Non-current items:			
Debt instruments			
Bonds	$ 144,625	$ 144,625	$ -
Valuation adjustment	(298)	1,620	-
	144,327	146,245	-
Equity instruments			
Listed stocks	$ 748,154	$ 748,154	$ 757,777
Unlisted stocks	73,523	73,884	64,073
	821,677	822,038	821,850
Valuation adjustment	414,363	604,870	798,182
	1,236,040	1,426,908	1,620,032
Total	$ 1,380,367	$ 1,573,153	$ 1,620,032

A. The Group has elected to classify equity and debt investments that are considered to be strategic investments or steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $1,490,319 thousand, $1,768,332 thousand and $1,791,074 thousand as on June 30, 2021, December 31, 2020 and June 30, 2020, respectively.

B. During the six months ended June 30, 2021, the Group repurchased bond investments at fair value of $83,970 thousand due to the maturity of bonds and resulted in cumulative losses on disposal amounting to $5,580 thousand (shown as other gains and losses).

C. During the six months ended June 30, 2020, the Group repurchased bond investments at fair value of $30,274 thousand due to the maturity of bonds and resulted in cumulative losses on disposal amounting to $333 thousand (shown as other gains and losses). Aiming to satisfy its capital needs, the Company sold $104,931 thousand of equity investments at fair value and resulted in cumulative gains on disposal amounting to $87,578 thousand (transferred from other equity interest to unappropriated retained earnings) during the six months ended June 30, 2020.

D. As of June 30, 2021 and 2020, the Group disposed stocks of the public companies and the amounts to be collected were $0 thousand and $821 thousand.

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

	Three months ended June 30	
	2021	2020
Equity instruments at fair value through other comprehensive income		
Fair value change recognized in other comprehensive income	($ 79,608)	$ 211,305
Cumulative (gains) losses reclassified to retained earnings due to derecognition	$ -	($ 38,510)
Debt instruments at fair value through other comprehensive income		
Fair value change recognized through profit or loss	$ 570	$ -
Fair value change recognized in other comprehensive income	($ 5,917)	($ 1,253)
Cumulative other comprehensive (loss) income reclassified to profit or loss		
Reclassified due to derecognition	$ 5,580	$ -
Interest income recognized in profit or loss	$ 1,501	$ 676

	Six months ended June 30	
	2021	2020
Equity instruments at fair value through other comprehensive income		
Fair value change recognized in other comprehensive income	($ 188,528)	($ 807,466)
Cumulative (gains) losses reclassified to retained earnings due to derecognition	$ -	($ 87,578)
Debt instruments at fair value through other comprehensive income		
Fair value change recognized through profit or loss	$ 1,010	$ -
Fair value change recognized in other comprehensive income	($ 4,773)	($ 1,465)
Cumulative other comprehensive (loss) income reclassified to profit or loss		
Reclassified due to derecognition	$ 5,580	$ 333
Interest income recognized in profit or loss	$ 3,149	$ 1,459

F. As on June 30, 2021, December 31, 2020 and June 30, 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group was $1,490,319 thousand, $1,768,332 thousand and $1,791,074 thousand, respectively.

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

H. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12 (2).

I. The counterparties of the Company's investments in debt instruments have good credit quality; those debt securities are all rated as investment grade.

(4) Accounts receivable

	June 30, 2021	December 31, 2020	June 30, 2020
Accounts receivable	$ 7,491,287	$ 12,471,094	$ 5,148,085
Less: Allowance for doubtful accounts	(20,147)	(29,676)	(27,053)
	$ 7,471,140	$ 12,441,418	$ 5,121,032

A. The aging analysis of accounts receivable is as follows:

	June 30, 2021	December 31, 2020	June 30, 2020
Not past due	$ 7,238,657	$ 12,401,873	$ 5,056,543
Up to 30 days	149,113	38,897	62,163
31 to 90 days	92,676	6,066	12,927
91 to 180 days	2,831	24,136	1,364
Over 180 days	8,010	122	15,088
	$ 7,491,287	$ 12,471,094	$ 5,148,085

The above aging analysis was based on past due date.

B. As of June 30, 2021, December 31, 2020, June 30, 2020, and January 1, 2020, the balances of receivables (including notes receivable) from contracts with customers amounted to $7,471,140 thousand, $12,441,418 thousand, $5,121,032 thousand and $5,448,381 thousand, respectively.

C. The Group insured against its accounts receivable since December, 2020, which the insured amount has been reviewed and granted by the insurance company. If bad debts occur, the insurance company will settle the claim up to 90% of the insured amount. As of June 30, 2021, December 31, 2020 and June 30, 2020, the balance of insured accounts receivable amounted to $5,622,391 thousand, $10,360,837 thousand and $0 thousand, respectively.

D. The Group does not hold any collateral as security.

E. The Company entered into a factoring agreement which has no right of recourse with Bank of America. As of June 30, 2021, there were no accounts receivable that were expected to be transferred (reclassified as financial assets at fair value through other comprehensive income). Please refer to Note 6 (5) for information on transfers of financial assets.

F. Information relating to credit risk of accounts receivable is provided in Note 12 (2).

(5) Transfer of financial assets

Transferred financial assets that are derecognized in their entirety

On October 2, 2019, the Group entered into a factoring agreement with Bank of America to sell its accounts receivable. Under the agreement, the Group is not obligated to bear the default risk of the transferred accounts receivable, but is liable for the losses incurred on any business dispute. The Group does not have any continuing involvement in the transferred accounts receivable. Thus, the Group derecognized the transferred accounts receivable. As of June 30, 2021, there was no amount that had been past due.

(6) Inventories

	June 30, 2021		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 2,063,538	($ 89,858)	$ 1,973,680
Work in progress	614,581	(7,952)	606,629
Finished goods	1,812,650	(70,570)	1,742,080
	$ 4,490,769	($ 168,380)	$ 4,322,389

	December 31, 2020		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 1,748,375	($ 65,408)	$ 1,682,967
Work in progress	543,188	(8,318)	534,870
Finished goods	1,613,403	(39,581)	1,573,822
	$ 3,904,966	($ 113,307)	$ 3,791,659

	June 30, 2020		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 1,193,908	($ 105,896)	$ 1,088,012
Work in progress	485,649	(9,905)	475,744
Finished goods	1,145,113	(63,379)	1,081,734
	$ 2,824,670	($ 179,180)	$ 2,645,490

The cost of inventories recognized as expense for the period:

	Three months ended June 30	
	2021	2020
Cost of goods sold	$ 7,412,489	$ 5,381,489
(Gain on reversal of) loss on slow-moving inventories and decline in market value	(37,017)	54,108
Loss on scrapping inventory	9,677	8,877
Loss (gain) on physical inventory	17	(179)
	$ 7,385,166	$ 5,444,295

	Six months ended June 30	
	2021	2020
Cost of goods sold	$ 14,261,386	$ 10,053,660
(Gain on reversal of) loss on slow-moving inventories and decline in market value	55,073	(3,492)
Loss on scrapping inventory	20,351	14,074
Loss (gain) on physical inventory	(105)	362
	$ 14,336,705	$ 10,064,604

The Group reversed a previous inventory write-down because of the sale of certain written-down inventories by the Group for the three months ended June 30, 2021 and for the six months ended June 30, 2020.

(7) Other current assets

	June 30, 2021	December 31, 2020	June 30, 2020
Tax refund receivable (including input tax)	$ 280,616	$ 490,909	$ 137,212
Prepayment for purchases	11,446	14,241	11,516
Contract assets	86,590	43,363	29,050
Others	123,518	160,125	99,015
	$ 502,170	$ 708,638	$ 276,793

(8) Investments accounted for using the equity method

	Six months ended June 30	
	2021	2020
At January 1	$ 4,479,708	$ 3,951,152
Share of profit or loss of investments accounted for using the equity method	196,903	116,898
Changes in capital Surplus	-	1,101
Changes in other equity items	(75,746)	(100,462)
Credit balance of investments accounted for using the equity method transferred to non-current liabilities	(12)	-
At June 30	$ 4,600,853	$ 3,968,689

A. Details are as follows：

	June 30, 2021	December 31, 2020	June 30, 2020
Associates with significant influence			
Merry Electronics (Suzhou) Co., Ltd. (MECE)	$ 3,176,288	$ 3,146,355	$ 2,804,362
Associates with insignificant influence			
Merry Electronics (Huizhou) Co., Ltd. (MECH)	1,005,522	910,702	725,175
Guangdong Luxshare & Merry Electronics Co., Ltd. (MEDG)	371,376	372,839	360,776
Leohab Enterprise Co., Ltd. (LEOHAB)	47,667	49,812	79,434
Merry Electronics (Shanghai)Co., Ltd. (MECS)	(1,058)	(1,070)	(1,058)
Subtotal	4,599,795	4,478,638	3,968,689
Add: Credit balance of investments accounted for using the equity method transferred to non-current liabilities	1,058	1,070	-
	$ 4,600,853	$ 4,479,708	$ 3,968,689

B. Share of profit (loss) of associates accounted for using the equity method：

Investee	Three months ended June 30 2021	2020
MECE	$ 43,917	$ 19,967
MECH	48,478	52,716
MEDG	297	(4,306)
LEOHAB	529	7,566
MECS	-	(212)
	$ 93,221	$ 75,731

Investee	Six months ended June 30 2021	2020
MECE	$ 80,437	$ 36,440
MECH	109,905	77,386
MEDG	4,366	(7,051)
LEOHAB	2,202	10,336
MECS	(7)	(213)
	$ 196,903	$ 116,898

C. Associates

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

Company name	Principal place of business	Shareholding ratio June 30, 2021	December 31, 2020	June 30, 2020	Nature of relationship	Method of measurement
MECE	Mainland of China	49.00%	49.00%	49.00%	Holding more than 20% of voting right	Equity method

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

Balance sheet

	MERRY ELECTRONICS (SUZHOU) CO., LTD. June 30, 2021	December 31, 2020	June 30, 2020
Current assets	$ 3,383,700	$ 4,958,305	$ 2,764,340
Non-current assets	5,971,278	6,448,198	6,274,204
Current liabilities	(2,746,586)	(4,794,701)	(3,130,372)
Non-current liabilities	(39,632)	(50,495)	(53,483)
Total net assets	$ 6,568,760	$ 6,561,307	$ 5,854,689
Share in associate's net assets	$ 3,218,692	$ 3,215,041	$ 2,868,798
Realized (unrealized) gain or loss from upstream and side stream transactions	(42,404)	(68,686)	(64,436)
Carrying amount of the associate	$ 3,176,288	$ 3,146,355	$ 2,804,362

Statement of comprehensive income

	MERRY ELECTRONICS (SUZHOU) CO., LTD.	
	Three months ended June 30	
	2021	2020
Revenue	$ 2,093,050	$ 1,899,982
Profit for the period from continuing operations	$ 29,780	($ 26,177)
Total comprehensive income	$ 29,780	($ 26,177)

	MERRY ELECTRONICS (SUZHOU) CO., LTD.	
	Six months ended June 30	
	2021	2020
Revenue	$ 4,442,188	$ 4,179,760
Profit for the period from continuing operations	$ 110,521	$ 72,691
Total comprehensive income	$ 110,521	$ 72,691

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

	Three months ended June 30	
	2021	2020
Share of profit of associates and joint ventures accounted for using the equity method	$ 49,304	$ 55,764
Other comprehensive income (loss), net of tax	(11,536)	(18,953)
Total comprehensive income	$ 37,768	$ 36,811

	Six months ended June 30	
	2021	2020
Share of profit of associates and joint ventures accounted for using the equity method	$ 116,466	$ 80,458
Other comprehensive income (loss), net of tax	(21,062)	(23,424)
Total comprehensive income	$ 95,404	$ 57,034

Note: Partial investments accounted for using the equity method are share of profit (loss) of associates and joint ventures recognized based on financial statements prepared by associates and not reviewed by independent auditors.

(9) Property, plant and equipment

Six months ended June 30, 2021

Cost	Opening balance	Additions	Reductions	Transfers	Effect of foreign currency exchange difference	Ending balance
Land	$ 794,952	$ -	$ -	$ -	($ 3,006)	$ 791,946
Land improvements	621	-	-	-	(53)	568
Buildings and structures	1,284,577	1,869	-	34,251	(29,424)	1,291,273
Machinery	2,366,092	457,050	(72,423)	204	(30,184)	2,720,739
Transportation equipment	30,451	250	(9,021)	-	(374)	21,306
Office equipment	279,929	12,900	(5,944)	-	(5,126)	281,759
Others	247,668	42,499	(8,875)	2,524	(3,079)	280,737
Unfinished construction	272,471	79,604	-	(36,979)	(22)	315,074
Total	$ 5,276,761	$ 594,172	($ 96,263)	$ -	($ 71,268)	$ 5,703,402
Accumulated depreciation						
Land improvements	($ 621)	$ -	$ -	$ -	$ 53	($ 568)
Buildings and structures	(467,206)	(33,072)	-	-	12,310	(487,968)
Machinery	(811,707)	(148,068)	36,206	-	17,636	(905,933)
Transportation equipment	(20,392)	(1,743)	7,120	-	263	(14,752)
Office equipment	(171,656)	(16,135)	2,979	-	3,034	(181,778)
Others	(110,441)	(19,362)	3,214	-	1,634	(124,955)
Total	($ 1,582,023)	($ 218,380)	$ 49,519	$ -	$ 34,930	($ 1,715,954)
	$ 3,694,738					$ 3,987,448

Six months ended June 30, 2020

Cost	Opening balance	Additions	Reductions	Transfers	Effect of foreign currency exchange difference	Ending balance
Land	$ 596,275	$ -	$ -	$ -	($ 1,677)	$ 594,598
Land improvements	656	-	-	-	(29)	627
Buildings and structures	1,016,760	47,104	(665)	(51,400)	(25,257)	986,542
Machinery	1,472,017	265,839	(17,189)	1,848	(40,247)	1,682,268
Transportation equipment	30,774	186	(1,005)	-	(744)	29,211
Office equipment	242,600	33,104	(4,759)	(373)	(5,174)	265,398
Others	136,073	20,113	(2,151)	(1,848)	(4,056)	148,131
Unfinished construction	132,528	-	(17,978)	-	(6,088)	108,462
Total	$ 3,627,683	$ 366,346	($ 43,747)	($ 51,773)	($ 83,272)	$ 3,815,237
Accumulated depreciation						
Land improvements	($ 580)	($ 62)	$ -	$ -	$ 26	($ 616)
Buildings and structures	(439,193)	(56,445)	665	51,400	9,469	(434,104)
Machinery	(636,595)	(85,831)	11,844	(435)	16,850	(694,167)
Transportation equipment	(17,024)	(2,076)	970	-	464	(17,666)
Office equipment	(161,280)	(12,311)	2,537	252	3,267	(167,535)
Others	(87,918)	(9,666)	1,267	435	2,638	(93,244)
Total	($ 1,342,590)	($ 166,391)	$ 17,283	$ 51,652	$ 32,714	($ 1,407,332)
	$ 2,285,093					$ 2,407,905

A. The Group has no property, plant and equipment that apply to capitalization of borrowing costs.

B. The Group has no property, plant and equipment pledged to others as collateral.

(10) Leasing arrangements - lessee

A. The Group leases various assets including land, buildings, machinery and equipment as well as business vehicles. Rental contracts are typically made for periods of 1 to 30 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	June 30, 2021	December 31, 2020	June 30, 2020
	Carrying amount	Carrying amount	Carrying amount
Land	$ 90,232	$ 92,481	$ 32,061
Buildings and structures	182,619	254,778	148,733
Machinery and equipment	5,053	5,810	5,911
Transportation equipment	2,040	2,701	2,793
Office equipment	113	220	224
Other equipment	91	20	-
	$ 280,148	$ 356,010	$ 189,722

	Three months ended June 30	
	2021	2020
	Depreciation charge	Depreciation charge
Land	$ 1,155	$ 734
Buildings and structures	40,244	19,053
Machinery and equipment	376	353
Transportation equipment	305	413
Office equipment	54	37
Other equipment	46	-
	$ 42,180	$ 20,590

	Six months ended June 30	
	2021	2020
	Depreciation charge	Depreciation charge
Land	$ 2,375	$ 1,583
Buildings and structures	83,054	33,969
Machinery and equipment	756	677
Transportation equipment	658	748
Office equipment	107	101
Other equipment	66	-
	$ 87,016	$ 37,078

C. For the three months and six months ended June 30, 2021 and 2020, the additions to right-ofuse assets were $23,409 thousand, $61,641 thousand, $30,824 thousand and $84,609 thousand, respectively.

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

	Three months ended June 30	
Items affecting profit or loss	2021	2020
Interest expense on lease liabilities	$ 2,108	$ 887

	Six months ended June 30	
Items affecting profit or loss	2021	2020
Interest expense on lease liabilities	$ 4,770	$ 1,521

E. For the three and six months ended June 30, 2021 and 2020, the Group's total cash outflow for leases were $60,479 thousand, $25,636 thousand, $110,697 thousand and $54,644 thousand, respectively..

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(11) Intangible assets

	Six months ended June 30, 2021				
Cost	Opening balance	Additions	Reductions	Effect of foreign currency exchange difference	Ending balance
Goodwill	$ 937,379	$ -	$ -	$ -	$ 937,379
Computer software	500,570	26,623	(1,613)	(270)	525,310
Customer relationship	326,550	-	-	-	326,550
Trademarks	61,481	-	-	-	61,481
Know-how	115,748	-	-	-	115,748
Others	41,805	1,040	-	18	42,863
Total	$ 1,983,533	$ 27,663	($ 1,613)	($ 252)	$ 2,009,331
Accumulated amortization					
Computer software	($ 356,307)	($ 24,295)	344	($ 213)	($ 380,471)
Customer relationship	(109,439)	(22,032)	-	-	(131,471)
Trademarks	(13,367)	(2,759)	-	-	(16,126)
Know-how	(57,874)	(11,575)	-	-	(69,449)
Others	(28,456)	(3,449)	-	(4)	(31,909)
Total	($ 565,443)	($ 64,110)	$ 344	($ 217)	($ 629,426)
	$ 1,418,090				$ 1,379,905

	Six months ended June 30, 2020				
Cost	Opening balance	Additions	Reductions	Effect of foreign currency exchange difference	Ending balance
Goodwill	$ 937,379	$ -	$ -	$ -	$ 937,379
Computer software	457,428	11,179	(860)	(1,010)	466,737
Customer relationship	326,550	-	-	-	326,550
Trademarks	61,481	-	-	-	61,481
Know-how	115,748	-	-	-	115,748
Others	37,295	776	-	(179)	37,892
Total	$ 1,935,881	$ 11,955	($ 860)	($ 1,189)	$ 1,945,787
Accumulated amortization					
Computer software	($ 304,302)	($ 27,175)	36	$ 700	($ 330,741)
Customer relationship	(65,679)	(22,032)	-	1,100	(86,611)
Trademarks	(7,598)	(2,759)	-	11	(10,346)
Know-how	(34,671)	(11,575)	-	630	(45,616)
Others	(20,855)	(4,262)	-	25	(25,092)
Total	($ 433,105)	($ 67,803)	$ 36	$ 2,466	($ 498,406)
	$ 1,502,776				$ 1,447,381

A. Details of amortization on intangible assets are as follows:

	Three months ended June 30	
	2021	2020
Operating costs	$ 1,425	$ 4,097
Selling expenses	3,187	2,883
Administrative expenses	15,815	15,222
Research and development expenses	10,960	10,779
	$ 31,387	$ 32,981

	Six months ended June 30	
	2021	2020
Operating costs	$ 4,842	$ 7,998
Selling expenses	6,234	6,558
Administrative expenses	32,239	31,372
Research and development expenses	20,795	21,875
	$ 64,110	$ 67,803

B. As of September 1, 2005, the Group merged with Huges Hi-Tech Inc. Thus, the transaction generated goodwill in the amount of $139,735 thousand. The goodwill from business combination shall be tested annually at least for impairment in accordance with IAS 36.

The recoverable amount of all cash-generating units calculated using the value-in-use exceeded their carrying amount, so goodwill was not impaired. The key assumptions used for value-in-use calculations are as follows:

The cash flow projections are based on financial budgets approved by the management covering a five-year period. As the Company is committed to developing and taking blue tooth orders, it expects 10% year-on-year growth in sales through the launching of new products and improving its technologies during this period.

Management determined budgeted gross margin based on past performance and their expectations of market development. The weighted average growth rate used is consistent with the projection included in industry reports. The discount rate of 14.48% used was pre-tax and reflected specific risks relating to the relevant operating segments.

C. As of June 30, 2021, the goodwill arose from acquiring Asian Elite International Ltd. and Indigo Enterprise Inc. amounting to $581,644 thousand due to the benefits from production technology and market channel such as smart speakers of the companies that are expected to be merged. The goodwill from business combination shall be tested annually at least for impairment in accordance with IAS 36.

The recoverable amount of all cash-generating units calculated using the value-in-use exceeded their carrying amount, so goodwill was not impaired. The key assumptions used for value-in-use calculations are as follows:

The cash flow projections are based on financial budgets approved by the management covering a five-year period. As the Company is committed to developing and taking smart speaker orders, it expects 12%-25% year-on-year growth in sales through the launching of new products and improving its technologies during this period.

Management determined budgeted gross margin based on past performance and its expectations of market development. The weighted average growth rate used is consistent with the projection included in industry reports. The discount rate of 16.85% used was pre-tax and reflected specific risks relating to the relevant operating segments.

D. As of June 30, 2021, the goodwill arose from acquiring Austar Hearing Science and Technology (Xiamen) Co. , Ltd. amounting to $210,299 thousand due to the benefits from production technology and market channel such as hearing-aids of the company that are expected to be merged. The goodwill from business combination shall be tested for impairment at least annually in accordance with IAS 36.

The recoverable amount of all cash-generating units calculated using the value-in-use exceeded their carrying amount, so goodwill was not impaired. The key assumptions used for value-in-use calculations are as follows:

The cash flow projections are based on financial budgets approved by the management covering a five-year period. As the Company is committed to developing and taking hearing-aids orders, it expects 3%-15% year-on-year growth in sales through the launching of new products and improving its technologies during this period.

Management determined budgeted gross margin based on past performance and its expectations of market development. The weighted average growth rate used is consistent with the projection included in industry reports. The discount rate of 16.17% used was pre-tax and reflected specific risks relating to the relevant operating segments.

(12) Other non-current assets

	June 30, 2021	December 31, 2020	June 30, 2020
Prepayments for property, plant and equipment (including intangible asset)	$ 155,266	$ 121,924	$ 116,373
Refundable deposits	64,523	71,625	38,931
Others	75,971	77,958	27,854
	$ 295,760	$ 271,507	$ 183,158

(13) Short-term borrowings

Type of borrowings	June 30, 2021	Interest rate range	Collateral
Bank borrowings			
Credit loan	$ 5,477,130	0%~4.00%	None

Type of borrowings	December 31, 2020	Interest rate range	Collateral
Bank borrowings			
Credit loan	$ 3,271,489	0%~4.35%	None

Type of borrowings	June 30, 2020	Interest rate range	Collateral
Bank borrowings			
Credit loan	$ 665,760	1.46%~4.57%	None

A. Interest expense recognized in profit or loss amounted to $8,994 thousand, $6,205 thousand, $15,713 thousand and $12,707 thousand for the three months and six months ended June 30, 2021 and 2020, respectively.

B. The Group provided endorsements and guarantees for the credit loans as of June 30, 2021, December 31, 2020 and June 30, 2020.

(14) Other payables

	June 30, 2021	December 31, 2020	June 30, 2020
Dividend payable	$ 1,068,244	$ -	$ 1,608,376
Payables on equipment (Including intangible assets)	444,368	360,938	96,512
Payroll and bonus payable	349,240	466,806	262,466
Employee compensation payable	70,697	127,027	234,650
Directors' remuneration payable	28,873	25,575	78,710
Others	465,611	620,838	325,884
	$ 2,427,033	$ 1,601,184	$ 2,606,598

(15) Other current liabilities

	June 30, 2021	December 31, 2020	June 30, 2020
Bonds payable-expiring within one year	$ 2,218,375	$ 2,203,801	$ -
Contract liability	702,629	627,002	680,503
Agreed liabilities on acquisition of subsidiaries (Note)	-	402,072	-
Refund liabilities	230,067	343,164	-
Current lease liability	116,328	146,612	57,540
Other current liabilities - others	88,963	77,260	45,545
	$ 3,356,362	$ 3,799,911	$ 783,588

Note: On July 1, 2018, the Group agreed to pay contract liabilities 3 years after the date of settlement. In accordance with the relevant contracts, the Group had recognized 30% of subsequent equity investment obligations. Please refer to Note 4 (3).

(16) Bonds payable

	June 30, 2021	December 31, 2020	June 30, 2020
Bonds payable	$ 2,231,900	$ 2,231,900	$ 2,289,500
Less: Discount on bonds payable	(13,525)	(28,099)	(44,449)
Sub-total	2,218,375	2,203,801	2,245,051
Less: Expiring within one year	(2,218,375)	(2,203,801)	-
	$ -	$ -	$ 2,245,051

A. The details of the second domestic unsecured convertible bonds issued by the Company on December 11, 2018 are as follows:

(a) The terms of the second domestic unsecured convertible bonds issued by the Company are as follows:

i. The competent authority has approved the Company's second issuance of domestic unsecured corporate bonds. The bonds are for a total issuance amount of $3,015,000 thousand and a coupon rate of 0%, cover a 3-year period of issuance and a circulation period from December 11, 2018 to December 11, 2021, and will be redeemed in cash at face value at the maturity date. The bonds were listed on the Taipei Exchange on December 11, 2018.

ii. The creditors have the right to ask for conversion of the bonds into common shares of the Company by Taiwan Depository & Clearing Corporation through Securities Firms during the period from the date after three months of the bonds issue to the maturity date, except for (i) the stop transfer period for common shares as specified in the terms of the bonds or the laws/regulations; (ii) the Company's book closure date of stock dividends, book closure date of cash dividends, the period between the date that is 15 business days before the book closure date of a capital increase to the ex-right date; (iii) the period between the record date of a capital reduction and the prior day before the commencement of share trading after shares are repurchased. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.

iii. The conversion price of the bonds is set up based on the pricing model in the terms of the bonds, and is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. The conversion price will be reset based on the pricing model in the terms of the bonds on each effective date regulated by the terms. As of June 30, 2021, the conversion price of convertible bonds was $132.8 per share.

iv. The Company may repurchase all the bonds outstanding in cash at the bonds' face value, based on the Company's redemption rights to the bonds under Article 18 of the terms of issuance and conversion, after the following events occur: (i) the closing price of the Company common shares is above the then conversion price by 30% for 30 consecutive trading days during the period from the date after three month of the bonds issue to 40 days before the maturity date, or (ii) the outstanding balance of the bonds is less than 10% of total initial issue amount during the period from the date after three months of the bonds issue to 40 days before the maturity date.

v. Under the terms of issuance and conversion, all bonds redeemed (including bonds repurchased

from the securities trading markets), matured and converted are retired and not to be sold or re-issued; the conversion rights attached to the bonds are also extinguished.

(b) As of June 30, 2021, the bonds amounting to $768,100 thousand (face value) had been converted into 5,299 thousand shares of common stock. After the issuance of the convertible bonds, if the number of common shares increases, the Company shall adjust the conversion price to $132.8 per share in line with the formula of the issuance article.

B. Regarding the issuance of convertible bonds, the equity conversion options amounting to $99,191 thousand were separated from the liability component and were recognized in 'capital surplus - share options' in accordance with IAS 32 as of June 30, 2021. The call options embedded in bonds payable were separated from their host contracts and were recognized in 'financial assets at fair value through profit or loss' in net amount in accordance with IFRS 9 because the economic characteristics and risks of the embedded derivatives were not closely related to those of the host contracts.

(17) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	June 30, 2021
Long-term bank borrowings				
Credit loan	Borrowing period is from 2020/2/20 to 2025/2/20; interest is repayable monthly; principal is repayable starting from 2022	0.30%~0.40%	None	$ 320,000
Credit loan	Borrowing period is from 2020/2/20 to 2027/2/19; interest is repayable monthly; principal is repayable starting from 2022	0.35%~1.20%	None	780,670
				1,100,670
Less: Expiring within one year or one operating cycle				(32,779)
				$ 1,067,891

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2020
Long-term bank borrowings				
Credit loan	Borrowing period is from 2020/2/20 to 2025/2/20; interest is repayable monthly	0.30%~0.40%	None	$ 320,000
Credit loan	Borrowing period is from 2020/2/20 to 2027/2/19; interest is repayable monthly	0.35%~0.50%	None	487,419
				$ 807,419

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	June 30, 2020
Long-term bank borrowings				
Credit loan	Borrowing period is from 2020/2/20 to 2027/2/19; interest is repayable monthly; principal is repayable starting from 2022	0.30%~1.00%	None	$ 108,411

A. In November 2019, the Company entered into a long-term loan contract with Taipei Fubon Bank for the total amount of $400,000 thousand. As of June 30, 2021, the drawn amount was $220,000 thousand.

Aforementioned contract conditions:

During the credit period, the following financial ratios shall be maintained and the audited / reviewed financial statements by independent auditors shall be checked semi-annually:

(a) Current ratio shall not be lower than 100%;

(b) Debt ratio shall not be higher than 200%;

(c) Interest coverage ratio shall not be lower than 10;

(d) Tangible assets shall not be lower than $8 billion.

B. In February 2020, the Company entered into a long-term loan contract with JIHSUN BANK for the total amount of $300,000 thousand. As of June 30, 2021, the drawn amount was $100,000 thousand.

Aforementioned contract conditions:

During the credit period, the following financial ratios shall be maintained and the audited / reviewed financial statements by independent auditors shall be checked semi-annually:

(a) Current ratio shall not be lower than 100%;

(b) Debt ratio shall not be higher than 250%;

(c) Tangible assets shall be maintained at least $8 billion.

The compliance with the above financial ratio has no significant influence on the Company after the Company's confirmation with the banks and evaluation.

Note: The above-mentioned secured borrowings were guaranteed by the Company's parent company.

(18) Pensions

A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 5.1% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. The Company also contributes monthly an amount equal to 8% of managers' monthly salaries to the retirement fund. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

(b) The pension costs under defined contribution pension plans of the Group for the three months and six months ended June 30, 2021 and 2020 were $170 thousand, $290 thousand, $340 thousand and $580 thousand, respectively.

(c) The Company expects to pay contribution for pension plan amounting to $7,685 thousand in 2022.

B. (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The subsidiaries, MECL, MSCS, ASCX, ETCX, ASCZ, LACX, FUXM and FUSZ, in Mainland China have set up a defined contribution plan. Monthly contribution to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations.

(c) The subsidiary, METC, in Thailand is required to pay pension of up to 10 months of employee salaries to the employees upon their retirement. The pension liability is estimated annually based

on the employees' total salaries and expected service years in accordance with the regulations of the Thailand government.

(d) The subsidiary, MEVN, in Vietnam is subject to related local regulation, which is required to contribute a statutory percentage of the employees' monthly salaries and wages to the employees' pension funds, and to pay it to the competent authority. Other than the monthly contributions, the Group has no further obligations.

(e) The pension costs under defined contribution pension plans of the Group for the three months and six months ended June 30, 2021 and 2020 were $35,389 thousand, $18,076 thousand, $72,116 thousand and $38,097 thousand, respectively.

(19) Share-based payment

A. For the six months ended June 30, 2021 and 2020, the Group's share-based payment arrangements were as follows:

Type of arrangement	Grand date	Quantity granted	Contract period	Vesting condition
The 2nd restricted stocks to employees in 2016	2017/06/16	458 units	3 years	Note
The 1st restricted stocks to employees in 2017	2017/12/29	196 units	3 years	Note
The 2nd restricted stocks to employees in 2017	2018/10/26	878 units	3 years	Note
The 1st restricted stocks to employees in 2019	2019/11/02	813 units	3 years	Note
The 2nd restricted stocks to employees in 2019	2020/08/05	387 units	3 years	Note
The 1st restricted stocks to employees in 2020	2021/05/31	416 units	3 years	Note

Note: Depending on the employee's tenure in the Company (1 to 3 years), the employees can vest stocks at the ratio of 30%, 30% and 40% in three years based on the number of stocks written on the notification. The conditions for vesting restricted stocks are as follows:

(a) For the employees who are currently working in the Company, whose services have reached 1 year and achieved the performance of the most recent year's consolidated financial statements and the target personal performance, the ceiling of vested share ratio is 30%.

(b) For the employees who are currently working in the Company, whose services have reached 2 years and achieved the performance of the most recent year's consolidated financial statements and the target personal performance, the ceiling of accumulated vested share ratio is 60%.

(c) For the employees who are currently working in the Company, whose services have reached 3 years and achieved the performance of the most recent year's consolidated financial statements and the target personal performance, the ceiling of accumulated vested share ratio is 100%.

(d) The Company will repurchase and retire the stocks that do not meet the conditions of vesting for the employees who resign during the vesting period or do not meet the condition of vesting by the issuance price.

The aforementioned restricted stocks issued by the Company cannot be transferred during the vesting period and the commissioned trust custodians execute the shareholders' rights on behalf of the

employees.

B. Details of the share-based payment arrangements are as follows:

(a) The second restricted stocks to employees in 2016

	2021		2020	
	No. of share (in thousands)	Weighted-average exercise price (in dollars)	No. of share (in thousands)	Weighted-average exercise price (in dollars)
At January 1	4	$ 10	160	$ 10
Restricted stocks vested	(4)	10	(146)	10
Restricted stocks retired	-	10	(4)	10
At June 30	-	10	10	10

(b) The first restricted stocks to employees in 2017

	2021		2020	
	No. of share (in thousands)	Weighted-average exercise price (in dollars)	No. of share (in thousands)	Weighted-average exercise price (in dollars)
At January 1	1	$ -	108	$ -
Restricted stocks vested	(1)	-	-	-
Restricted stocks retired	-	-	(50)	-
At June 30	-	-	58	-

(c) The second restricted stocks to employees in 2017

	2021		2020	
	No. of share (in thousands)	Weighted-average exercise price (in dollars)	No. of share (in thousands)	Weighted-average exercise price (in dollars)
At January 1	318	$ -	598	$ -
Restricted stocks vested	(5)	-	(5)	-
Restricted stocks retired	(17)	-	(46)	-
At June 30	296	-	547	-

(d) The first restricted stocks to employees in 2019

	2021		2020	
	No. of share (in thousands)	Weighted-average exercise price (in dollars)	No. of share (in thousands)	Weighted-average exercise price (in dollars)
At January 1	545	$ -	813	$ -
Restricted stocks retired	(29)	-	(17)	-
At June 30	516	-	796	-

(e) The second restricted stocks to employees in 2019

	2021		2020	
	No. of share (in thousands)	Weighted-average exercise price (in dollars)	No. of share (in thousands)	Weighted-average exercise price (in dollars)
At January 1	382	$ -	-	$ -
Restricted stocks retired	(20)	-	-	-
At June 30	362	-	-	-

(f) The first restricted stocks to employees in 2020

	2021		2020	
	No. of share (in thousands)	Weighted-average exercise price (in dollars)	No. of share (in thousands)	Weighted-average exercise price (in dollars)
At January 1	-	$ -	-	$ -
Restricted stocks granted	416	-	-	-
At June 30	416	-	-	-

C. The fair value of stock options granted on grant date is measured using the closing price on the grant date. Relevant information is as follows:

Type of arrangement	Grand date	Stock price	Exercise price	Fair value per unit
The 2nd restricted stocks to employees in 2016	2017/06/16	187.0	10	177
The 1st restricted stocks to employees in 2017	2017/12/29	194.5	0	194.5
The 2nd restricted stocks to employees in 2017	2018/10/26	139.5	0	139.5
The 1st restricted stocks to employees in 2019	2019/11/02	150.0	0	150.0
The 2nd restricted stocks to employees in 2019	2020/08/05	169.0	0	169.0
The 1st restricted stocks to employees in 2020	2021/05/31	107.5	0	107.5

D. Expenses incurred on share-based payment transactions are shown below:

	Three months ended June 30	
	2021	2020
Equity-settled	$ 23,974	$ 22,445

	Six months ended June 30	
	2021	2020
Equity-settled	$ 44,647	$ 39,982

(20) Share capital

A. As of June 30, 2021, the Company's authorized capital was $4,000,000 thousand, consisting of 400,000 thousand shares of ordinary stock (including 5,000 thousand shares reserved for employee stock options), and the paid-in capital was $2,096,936 thousand with a par value of $10 (in dollars) per share.

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

	2021	2020
At January 1	209,333	208,668
Employee restricted shares retired	(66)	(117)
Employee restricted shares granted	416	-
At June 30	209,683	208,551

(a) The Company repurchased 11,000 employee restricted shares based on the original issue price due to employee's resignation which forfeits the vested shares as resolved at the meeting of the Board of Directors on July 29, 2021.

(b) The Company retired 74,000 employee restricted shares as resolved at the meeting of the Board of Directors on February 25, 2021 and April 29, 2021 with the capital reduction effective date set on March 8, 2021 and May 3, 2021. The capital reduction through retirement of employee restricted shares was completed.

(c) The Company retired 642,000 employee restricted shares as resolved at the meeting of the Board of Directors on February 27, 2020 and July 30, 2020 with the capital reduction effective date set on February 29, 2020 and August 4, 2020. The capital reduction through retirement of employee restricted shares was completed.

(d) On December 11, 2018, the Company issued the 2nd unsecured convertible bonds. As of June 30, 2021, the face value of those convertible bonds amounted to $768,100 thousand, which had been converted into 5,299 thousand common shares. Please refer to Note 6 (16) for further information.

(e) On April 25, 2019, the Board of Directors of the Company resolved to issue employee restricted shares (please refer to Note 6 (19)). The issuance was approved by the Competent Authority on September 16, 2019. The Company issued 1,200 thousand common shares with the effective date set on November 2, 2019 and August 5, 2020. The subscription price is $0 per share and the common shares are issued in batch amounting to 813 thousand shares and 387 thousand shares, respectively. The registration was completed on November 29, 2019 and August 27, 2020. The

employee restricted shares issued are subject to certain transfer restrictions before their vesting conditions are qualified. Other than these restrictions, the rights and obligations of these shares issued are the same as other issued ordinary shares.

(f) On April 30, 2020, the Board of Directors of the Company resolved to issue employee restricted shares (please refer to Note 6 (19)). The issuance was approved by the Competent Authority on September 29, 2020. The Company issued 2,000 thousand common shares with the effective date set on May 31, 2021 and July 30, 2021. The subscription price is $0 per share and the common shares are issued in batch amounting to 416 thousand shares and 1,504 thousand shares, respectively. The registration for the 416 thousand shares was completed on June 16, 2021, while the registration for the 1,504 thousand shares is still in progress. The employee restricted shares issued are subject to certain transfer restrictions before their vesting conditions are qualified. Other than these restrictions, the rights and obligations of these shares issued are the same as other issued ordinary shares.

(21) Capital surplus

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

	2021				
	Share premium	Share option	Employee restricted stocks	Others	Total
At January 1	$ 3,665,902	$ 99,191	$ 170,825	$ 24,205	$ 3,960,123
Restricted stocks issued	-	-	40,560	-	40,560
Restricted stocks vested	(6,711)	-	6,711	-	-
Restricted stocks retired	-	-	(9,524)	-	(9,524)
Recognition of change in equity of associates in proportion to the Company's ownership	-	-	-	680	680
Acquisition of non-controlling interests in Subsidiary	-	-	-	115,106	115,106
At June 30	$ 3,659,191	$ 99,191	$ 208,572	$ 139,991	$ 4,106,945

	2020				
	Share premium	Share option	Employee restricted stocks	Others	Total
At January 1	$ 3,501,426	$101,750	$ 236,457	$ 30,472	$ 3,870,105
Restricted stocks vested	29,804	-	(26,540)	(3,264)	-
Restricted stocks retired	-	-	(18,259)	-	(18,259)
Recognition of change in equity of associates in proportion to the Company's ownership	-	-	-	1,683	1,683
Changes in ownership interests in subsidiaries	-	-	-	22	22
At June 30	$ 3,531,230	$101,750	$ 191,658	$ 28,913	$ 3,853,551

(22) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, after deduction of mandatory income tax, shall first be used to offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. After the provision or reversal of special reserve, the appropriation of the remaining earnings along with the unappropriated earnings of prior years shall be proposed by the Board of Directors and approved by the shareholders. According to the dividend policy adopted by the Board of Directors, 30% to 80% of the Company's accumulated distributable earnings shall be appropriated as dividends, and cash dividends shall account for at least 5% of the total dividends distributed.

B. The Company's dividend policy is summarized below: as the Company operates in a volatile business environment and is in the stable growth stage, the residual dividend policy is adopted taking into consideration the Company's financial structure, operating results and future expansion plans. In order to encourage employees and operation team, if the Company has any profit for the current year, the Company shall set aside 5% to 10% as employees' compensation and no more than 2% as directors' remuneration. The employees' compensation shall be distributed in the form of stock and cash by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors and report it in the shareholders' meeting. Employees entitled to receive stock or cash as compensation include employees of subsidiaries of the company meeting certain specific requirement.

C. The Board of Directors may fully or partially appropriate dividends and bonuses in the form of cash by a resolution adopted by the majority vote at its meeting attended by two-thirds of the total number of directors, and then reported to the shareholders. Situations other than that shall be approved by the shareholders at their meeting.

D. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal

reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

E. (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

(b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-Corporate- 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use period if the assets are investment property other than land. As of June 30, 2021, the balance of capital surplus as aforementioned was $269,144 thousand.

F. The Company distributed cash dividends amounting to $5.16 (in dollars) per share and $7.7 (in dollars) per share as resolved at the shareholders' meeting on July 21, 2021 and June 19, 2020. The abovementioned distribution of earnings for the years ended December 31, 2020 and 2019 was in agreement with those amounts proposed by the Board of Directors on February 25, 2021 and February 27, 2020.

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(23) Other equity items

2021	Exchange differences on translation of foreign financial statements	Unrealized gain (loss) from investments in debt instruments measured at fair value through other comprehensive income	Unrealized gain (loss) from investments in equity instruments measured at fair value through other comprehensive income	Cost of unearned employee compensation	Total
At January 1	($ 438,569)	$ 4,220	$ 601,816	($ 158,141)	$ 9,326
Restricted stocks issued	-	-	-	(44,720)	(44,720)
Amortization of employee restricted stocks	-	-	-	44,647	44,647
Restricted stocks retired	-	-	-	10,190	10,190
Revaluation – gross	-	(4,773)	(188,528)	-	(193,301)
Revaluation – tax	-	-	(1,043)	-	(1,043)
Revaluation transferred to profit or loss – gross	-	5,580	-	-	5,580
Currency translation differences:					
-Group	(131,100)	-	-	-	(131,100)
-Tax on Group	26,220	-	-	-	26,220
-Associates	(75,746)	-	-	-	(75,746)
-Tax on associates	14,280	-	-	-	14,280
At June 30	($ 604,915)	$ 5,027	$ 412,245	($ 148,024)	($ 335,667)

2020	Exchange differences on translation of foreign financial statements	Unrealized gain (loss) from investments in debt instruments measured at fair value through other comprehensive income	Unrealized gain (loss) from investments in equity instruments measured at fair value through other comprehensive income	Cost of unearned employee compensation	Total
At January 1	($ 456,883)	$ 867	$ 1,688,726	($ 204,926)	$ 1,027,834
Amortization of employee restricted stocks	-	-	-	39,982	39,982
Restricted stocks retired	-	-	-	19,389	19,389
Revaluation – gross	-	(1,465)	(807,466)	-	(808,931)
Revaluation – tax	-	-	528	-	528
Revaluation transferred to profit or loss – gross	-	333	-	-	333
Revaluation transferred to retained earnings – gross	-	-	(87,578)	-	(87,578)
Currency translation differences:					
-Group	(118,132)	-	-	-	(118,132)
-Tax on Group	23,626	-	-	-	23,626
-Associates	(103,828)	-	-	-	(103,828)
-Tax on associates	20,633	-	-	-	20,633
At June 30	($ 634,534)	($ 265)	$ 794,210	($ 145,555)	$ 13,856

(24) Operating revenue

	Three months ended June 30	
	2021	2020
Revenue from contracts with customers	$ 8,168,668	$ 6,445,201

	Six months ended June 30	
	2021	2020
Revenue from contracts with customers	$ 15,903,460	$ 11,621,864

A. Disaggregation of revenue from contracts with customers

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

	Three months ended June 30, 2021				
	Electronic devices				
	Taiwan	Shenzhen	Singapore	Others	Total
Total segment revenue	$ 5,903,473	$ 3,057,745	$ 1,298,918	$ 1,268,440	$ 11,528,576
Revenue from internal segment transactions	(2,308)	(2,445,531)	-	(912,069)	(3,359,908)
Revenue from external customer contracts	5,901,165	612,214	1,298,918	356,371	8,168,668
Main Region					
Europe	2,491,204	34,275	1,073,562	73,429	3,672,470
US	3,063,221	-	189,530	164,896	3,417,647
Mainland China	131,314	566,158	-	108,188	805,660
Taiwan	181,020	11,781	-	1,782	194,583
Others	34,406	-	35,826	8,076	78,308
	$ 5,901,165	$ 612,214	$ 1,298,918	$ 356,371	$ 8,168,668

	Six months ended June 30, 2021				
	Electronic devices				
	Taiwan	Shenzhen	Singapore	Others	Total
Total segment revenue	$ 11,381,622	$ 5,706,975	$ 2,759,313	$ 3,126,255	$ 22,974,165
Revenue from internal segment transactions	(57,982)	(4,547,900)	-	(2,464,823)	(7,070,705)
Revenue from external customer contracts	11,323,640	1,159,075	2,759,313	661,432	15,903,460
Main Region					
Europe	5,249,231	70,817	2,402,031	149,440	7,871,519
US	5,384,700	247	314,255	294,858	5,994,060
Mainland China	249,741	1,076,056	-	200,224	1,526,021
Taiwan	386,451	11,955	-	3,416	401,822
Others	53,517	-	43,027	13,494	110,038
	$11,323,640	$ 1,159,075	$ 2,759,313	$ 661,432	$ 15,903,460

	Three months ended June 30, 2020				
	Electronic devices				
	Taiwan	Shenzhen	Singapore	Others	Total
Total segment revenue	$ 5,193,062	$ 2,699,638	$ 936,554	$ 535,702	$ 9,364,956
Revenue from internal segment transactions	(851)	(2,630,769)	(9,850)	(278,285)	(2,919,755)
Revenue from external customer contracts	5,192,211	68,869	926,704	257,417	6,445,201
Main Region					
Europe	2,778,793	27,632	649,760	56,517	3,512,702
US	1,972,264	-	221,022	78,018	2,271,304
Mainland China	98,652	37,510	-	81,375	217,537
Taiwan	263,591	1,373	-	30,948	295,912
Others	78,911	2,354	55,922	10,559	147,746
	$ 5,192,211	$ 68,869	$ 926,704	$ 257,417	$ 6,445,201

	Six months ended June 30, 2020				
	Electronic devices				
	Taiwan	Shenzhen	Singapore	Others	Total
Total segment revenue	$ 9,323,507	$ 3,689,111	$ 1,755,303	$ 1,018,553	$ 15,786,474
Revenue from internal segment transactions	(3,523)	(3,565,365)	(19,432)	(576,290)	(4,164,610)
Revenue from external customer contracts	9,319,984	123,746	1,735,871	442,263	11,621,864
Main Region					
Europe	3,899,262	52,467	1,248,288	129,313	5,329,330
US	4,644,035	-	371,613	125,680	5,141,328
Mainland China	183,186	66,022	-	137,398	386,606
Taiwan	419,450	1,465	-	37,717	458,632
Others	174,051	3,792	115,970	12,155	305,968
	$ 9,319,984	$ 123,746	$ 1,735,871	$ 442,263	$ 11,621,864

B. Contract assets and liabilities：

(a) The Group has recognized the following revenue-related contract assets (shown in other current assets) and liabilities (shown in other current liabilities):

	June 30, 2021	December 31, 2020	June 30, 2020	January 1, 2020
Contract assets	$ 86,590	$ 43,363	$ 29,050	$ 31,585
Contract liabilities	$ 702,629	$ 627,002	$ 680,503	$ 256,623
Refund liabilities	$ 230,067	$ 343,164	$ -	$ 81,791

(b) Revenue recognized that was included in the contract liability balance at the beginning of the period：

	Three months ended June 30	
	2021	2020
Revenue recognized that was included in the contract liability balance at the beginning of the period	$ 53,575	$ 25,082

	Six months ended June 30	
	2021	2020
Revenue recognized that was included in the contract liability balance at the beginning of the period	$ 108,295	$ 167,715

(25) Interest income

	Three months ended June 30	
	2021	2020
Interest income from bank deposits	$ 8,555	$ 12,107
Interest income from financial assets at fair value through other comprehensive income	1,501	676
	$ 10,056	$ 12,783

	Six months ended June 30	
	2021	2020
Interest income from bank deposits	$ 16,245	$ 24,923
Interest income from financial assets at fair value through other comprehensive income	3,149	1,459
	$ 19,394	$ 26,382

(26) Other income

	Three months ended June 30	
	2021	2020
Rent income	$ 1,916	$ 1,864
Dividend income	1,096	-
Sample income	11,318	12,078
Government grants	93,732	79,784
Other income	8,340	981
	$ 116,402	$ 94,707

	Six months ended June 30	
	2021	2020
Rent income	$ 3,828	$ 3,812
Dividend income	1,096	-
Sample income	13,775	14,535
Government grants	115,970	91,221
Other income	18,679	18,031
	$ 153,348	$ 127,599

(27) Other gains and losses

	Three months ended June 30	
	2021	2020
Losses on disposals of property, plant and equipment	($ 1,888)	($ 61)
Loss on disposals of investments	(5,580)	-
Foreign exchange (loss) gain	15,140	(22,091)
Gains on financial assets / liabilities at fair value through profit or loss	23,364	15,364
Other gains and losses	(8,030)	(1,755)
	$ 23,006	($ 8,543)

	Six months ended June 30	
	2021	2020
Losses on disposals of property, plant and equipment	($ 3,674)	($ 589)
Loss on disposals of investments	(5,580)	(333)
Foreign exchange loss	(33,439)	(20,122)
Gains on financial assets / liabilities at fair value through profit or loss	53,641	30,893
Other gains and losses	(11,385)	(4,074)
	($ 437)	$ 5,775

(28) Expenses by nature

	Three months ended June 30	
	2021	2020
Employee benefit expense	$ 854,924	$ 683,877
Depreciation charge - property, plant and equipment	38,162	68,038
Depreciation charge - right-of-use assets	42,180	20,590
Amortization charge	31,387	32,981
	$ 966,653	$ 805,486

	Six months ended June 30	
	2021	2020
Employee benefit expense	$ 1,762,783	$ 1,212,942
Depreciation charge - property, plant and equipment	218,380	166,391
Depreciation charge - right-of-use assets	87,016	37,078
Amortization charge	64,110	67,803
	$ 2,132,289	$ 1,484,214

(29) Employee benefit expense

	Three months ended June 30	
	2021	2020
Wages and salaries	$ 731,808	$ 603,612
Share-based payments	25,151	22,445
Labor and health insurance fees	15,802	13,929
Pension costs	35,559	18,366
Other personnel expenses	46,604	25,525
	$ 854,924	$ 683,877

	Six months ended June 30	
	2021	2020
Wages and salaries	$ 1,515,563	$ 1,052,908
Share-based payments	46,997	39,982
Labor and health insurance fees	35,218	30,720
Pension costs	72,456	38,677
Other personnel expenses	92,549	50,655
	$ 1,762,783	$ 1,212,942

Note: For the six months ended June 30, 2021 and 2020, the Group had 7,689 and 7,622 employees, respectively, with 5 non-employee directors.

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees‘ compensation and directors’ remuneration. The ratio shall not be lower than 5~10% for employees’ compensation and shall not be higher than 2% for directors’ remuneration.

B. The details of employees’ compensation and directors’ and supervisors’ remuneration of the Company are as follows:

	Three months ended June 30	
	2021	2020
Employees’ compensation	$ 8,120	$ 27,036
Directors’ and supervisors’ remuneration	2,889	9,012
	$ 11,009	$ 36,048

	Six months ended June 30	
	2021	2020
Employees’ compensation	$ 9,893	$ 30,954
Directors’ and supervisors’ remuneration	3,298	10,318
	$ 13,191	$ 41,272

The abovementioned amounts were recognized in wages and salaries based on profit status of the current year. Employees’ compensation was estimated at 6% and 6% of the profit for the six months ended June 30, 2021 and 2020, respectively. Directors’ remuneration was estimated at 2% and 2% of the profit for the six months ended June 30, 2021 and 2020, respectively.

Employees’ compensation and directors’ remuneration of 2020 as resolved at the Board of Directors’ meeting were in agreement with those amounts recognized in the profit or loss of 2020.

Information about employees’ compensation and directors’ and supervisors’ remuneration of the Company as resolved by the Board of Directors will be posted in the “Market

Observation Post System" at the website of the Taiwan Stock Exchange.

(30) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Three months ended June 30	
	2021	2020
Current tax:		
Current tax on profits for the period	($ 405)	$ 80,091
Surtax on unappropriated earnings	-	36,704
Prior year income tax overestimation	(11,342)	(1,140)
Total current tax	(11,747)	115,655
Deferred tax:		
Origination and reversal of temporary differences	35,937	25,311
Income tax expense	$ 24,190	$ 140,966

	Six months ended June 30	
	2021	2020
Current tax:		
Current tax on profits for the period	($ 19,826)	$ 99,286
Surtax on unappropriated earnings	-	36,704
Prior year income tax (overestimation) underestimation	(8,028)	267
Total current tax	(27,854)	136,257
Deferred tax:		
Origination and reversal of temporary differences	32,332	6,495
Income tax expense	$ 4,478	$ 142,752

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

	Three months ended June 30	
	2021	2020
Exchange differences changes on translation of foreign financial statements - the Group	($ 16,927)	($ 9,413)
Exchange differences changes on translation of foreign financial statements - associates	(7,639)	(11,938)
Changes in fair value of financial assets at fair value through other comprehensive income	(70)	11
	($ 24,636)	($ 21,340)

	Six months ended June 30	
	2021	2020
Exchange differences changes on translation of foreign financial statements - the Group	($ 26,220)	($ 23,626)
Exchange differences changes on translation of foreign financial statements - associates	(14,280)	(20,633)
Changes in fair value of financial assets at fair value through other comprehensive income	1,043	(528)
	($ 39,457)	($ 44,787)

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

C. Merry Healthcare Co., Ltd. Taiwan Branch (CAYMAN) income tax returns through 2019 have been assessed and approved by the Tax Authority.

D. Fulicare Co., Ltd. Taiwan Branch (SAMOA) income tax returns through 2019 have been assessed and approved by the Tax Authority.

E. Biotest Medical Corporation's income tax returns through 2019 have been assessed and approved by the Tax Authority.

(31) Earnings per share

	Three months ended June 30, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 111,217	207,687	$ 0.54
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	111,217	207,687	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	77	
Convertible bonds	5,975	16,806	
Employee restricted shares	-	353	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 117,192	224,923	$ 0.52

	Three months ended June 30, 2020		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 302,768	206,616	$ 1.47
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	302,768	206,616	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	194	
Convertible bonds	6,047	16,436	
Employee restricted shares	-	810	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 308,815	224,056	$ 1.38

	Six months ended June 30, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 132,137	207,685	$ 0.64
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	132,137	207,685	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	341	
Employee restricted shares	-	342	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 132,137	208,368	$ 0.63

	Six months ended June 30, 2020		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 350,149	206,602	$ 1.69
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	350,149	206,602	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	670	
Convertible bonds	13,539	16,436	
Employee restricted shares	-	810	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 363,688	224,518	$ 1.62

A. The number of weighted-average outstanding shares is included for assumed conversion of all dilutive potential ordinary shares at the calculation of diluted earnings per share, based on the assumption that employees' compensation will be all distributed in the form of shares.

B. The Group's convertible bonds have an antidilutive effect on the earnings per share for the six months ended June 30, 2021. Accordingly, the diluted earnings per share were not calculated.

(32) Supplemental cash flow information

A. Investing activities with partial cash payments

	Six months ended June 30	
	2021	2020
Purchase of property, plant and equipment	$ 594,172	$ 366,225
Add: Beginning balance of payable on equipment	356,594	77,958
Ending balance of prepayments for equipment	93,603	83,333
Less: Beginning balance of prepayments for equipment	(84,488)	(41,911)
Ending balance of payable on equipment	(428,585)	(92,288)
Cash paid during the period	$ 531,296	$ 393,317

	Six months ended June 30	
	2021	2020
Purchase of property, plant and equipment	$ 27,663	$ 11,955
Add: Beginning balance of payable on equipment	4,344	-
Ending balance of prepayments for equipment	61,663	33,040
Less: Beginning balance of prepayments for equipment	(37,436)	(30,953)
Ending balance of payable on equipment	(15,783)	(4,224)
Cash paid during the period	$ 40,451	$ 9,818

B. Financial assets at fair value through profit or loss

	Six months ended June 30	
	2021	2020
Change in financial assets at fair value through profit or loss	$ 283,731	$ 30,496
Add: Uncollected proceeds from disposal during the period	-	3,755
Payment for prior period purchase	306	-
Net cash flows used (provided) during the period	$ 284,037	$ 34,251

C. Financial assets at fair value through other comprehensive income

	Six months ended June 30	
	2021	2020
Disposal of financial assets at fair value through other comprehensive income	($ 83,970)	($ 135,205)
Add: Uncollected proceeds from disposal during the period	-	821
Less: Collected proceeds from prior period disposal	-	(4,336)
Net cash flows provided during the period	($ 83,970)	($ 138,720)

D. Financing activities with no cash flow effects:

	Six months ended June 30	
	2021	2020
Dividend payable	$ 1,068,244	$ 1,608,376

(33) Changes in liabilities from financing activities

	Short-term borrowings	Lease Liabilities	Convertible bonds	Long-term borrowings	Dividends payables	Other non-current liabilities	Liabilities from financing activities-gross
At January 1, 2021	$3,271,489	$261,656	$2,203,801	$ 807,419	$ -	$ 36,449	$ 6,580,814
Changes in cash flow from financing	2,289,280	(105,927)	-	282,478	-	(5,248)	2,460,583
Additions	-	-	-	-	1,068,244	-	1,068,244
Impact of changes in foreign exchange rate	(83,639)	(2,276)	-	10,772	-	157	(74,986)
Changes in other non-cash items	-	35,594	14,574	(32,778)	-	(466)	16,924
At June 30, 2021	$5,477,130	$189,047	$2,218,375	$1,067,891	$1,068,244	$ 30,892	$10,051,579

	Short-term borrowings	Lease liabilities	Convertible bonds	Long-term borrowings	Dividends payables	Other non-current liabilities	Liabilities from financing activities-gross
At January 1, 2020	$ 470,890	$118,813	$2,229,959	$ 62,000	$ -	$ 496,302	$ 3,377,964
Changes in cash flow from financing	210,139	(51,602)	-	46,510	-	14,467	219,514
Additions	-	-	-	-	1,608,376	-	1,608,376
Impact of changes in foreign exchange rate	(15,269)	1,412	-	(99)	-	375	(13,581)
Changes in other non-cash items	-	86,130	15,092	-	-	(3,720)	97,502
At June 30, 2020	$ 665,760	$154,753	$2,245,051	$ 108,411	$1,608,376	$ 507,424	$5,289,775

(34) Government grants

A. The subsidiary, MECL, applied for the first batch of the Longhua District Enterprise R&D Investment Funding from Longhua District Science and Technology Innovation Bureau and received the final subsidies amounting to RMB 1,313 thousand (NTD 5,587 thousand) in January 2020.
B. The subsidiary, MECL, received the electricity subsidy for enterprises in advanced and high-tech manufacturing amounting to RMB 182 thousand (NTD 744 thousand) from Economy, Trade and Information Commission of Shenzhen Municipality in January 2020.
C. The subsidiary, MECL, received the patent subsidy amounting to RMB 440 thousand (NTD 11,872 thousand) from Market Supervision Administration of Shenzhen Municipality in March 2020.
D. The subsidiary, MECL, received the electricity subsidy for enterprises in advanced and high-tech manufacturing amounting to RMB 293 thousand (NTD 1,279 thousand) from Economy, Trade and Information Commission of Shenzhen Municipality in January 2021.
E. The subsidiary, MECL, received the foreign invention expenditure subsidy amounting to RMB 450 thousand (NTD 1,964 thousand) from Longhua Branch, Market Supervision Administration of Shenzhen Municipality in February 2021.
F. The subsidiary, MECL, received the business intellectual property management subsidy amounting to RMB 300 thousand (NTD 1,309 thousand) from Longhua Branch, Market Supervision Administration of Shenzhen Municipality in February 2021.
G. The subsidiary, MECL, received the employment subsidy amounting to RMB 845 thousand (NTD 3,688 thousand) from Longhua Branch, Human Resource Bureau of Shenzhen Municipality in March 2021.
H. The subsidiary, MECL, received the bank loan and interest subsidy amounting to RMB 700 thousand (NTD 3,055 thousand) from Culture, Radio and Television and Sports Bureau of Shenzhen Municipality in March 2021.
I. The subsidiary, MECA, applied for "Paycheck Protection Program" subsidy from local government amounting to USD 262 thousand (NTD 7,449 thousand) in 2020 and received the subsidy in January 2021.
J. The subsidiary, MESG, applied for "Jobs Support Scheme" subsidy from local government amounting to SGD 565 thousand (NTD 12,025 thousand) in 2020 and received the subsidy amounting to SGD 62 thousand (NTD 1,298 thousand) in March 2021.
K. The subsidiary, SOCV, applied for "Emergency Wage Subsidy Program" subsidy from local government amounting to CAD 374 thousand (NTD 8,368 thousand) in 2020 and received the subsidy amounting to CAD 59 thousand (NTD 1,322 thousand) in March 2021.
L. The subsidiary, MECL, received the electricity subsidy for enterprises in advanced and high-tech manufacturing amounting to RMB 517 thousand (NTD 2,246 thousand) from Economy, Trade and Information Commission of Shenzhen Municipality in April 2021.
M. The subsidiary, MECL, received the Shenzhen Enterprise R&D subsidy amounting to RMB 1,273 thousand (NTD 5,531 thousand) from Shenzhen Science and Technology Innovation Commission in June 2021.
N. The subsidiary, MECL, received the patent subsidy of Intellectual Property Office Patent Agency amounting to RMB 380 thousand (NTD 1,651 thousand) from Market Supervision Administration of Shenzhen Municipality in June 2021.
O. The subsidiary, MECL, received the employment subsidy amounting to RMB 2,476 thousand (NTD 10,757 thousand) from Longhua Branch, Human Resource Bureau of Shenzhen Municipality in June 2021.
P. The subsidiary, MECL, received the subsidy for stable growth in industry development amounting to RMB 5,000 thousand (NTD 21,724 thousand) from Industry and Information Technology Bureau of Shenzhen Municipality in June 2021.
Q. The subsidiary, MECL, received the capacity expansion subsidy amounting to RMB 9,363

thousand (NTD 40,679 thousand) from Industry and Information Technology Bureau of Shenzhen Municipality in June 2021.

R. MEHO received the subsidy for AI smart noise cancellation MIC platform development amounting to NTD 12,200 thousand.

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Name	Relationship
Merry Electronics (Suzhou) Co., Ltd. (MECE)	Affiliated company
Merry Electronics (Huizhou) Co., Ltd. (MECH)	Affiliated company
Merry Electronics (Shanghai) Co., Ltd. (MECS)	Affiliated company
Guangdong Luxshare & Merry Electronics Co., Ltd. (MEDG)	Affiliated company
Leohab Enterprise Co., Ltd. (LEOHAB)	Affiliated company
Merry Fuling Co., Ltd. Taiwan Branch (MHNCTW)	Other related party
BESKYTTE HUANG & CO	Other related party
Luxshare Precision Limited	Other related party (Note 1)
Luxshare Precision Industry Co., Ltd	Other related party (Note 1)
Luxshare-ICT (Vietnam) Limited (Luxshare-ICT (Vietnam))	Other related party (Note 1)
Luxshare Electronic Technology (Kunshan) Co., Ltd.	Other related party (Note 1)
Lanto Electronic Limited	Other related party (Note 1)
Dongguan Luxshare Precision Industry Co., Ltd.	Other related party (Note 1)
Luxshare Precision Limited (HK)	Other related party (Note 1)

Note 1: A corporate director of the Group's subsidiary, MEVN, and the entity both belong to Luxshare Group.

(2) Significant related party transactions

A. Operating revenue

	Three months ended June 30	
	2021	2020
Sales of goods		
MECH	$ 18,556	$ 8,274
MECE	754	1,037
Others	648	688
	$ 19,958	$ 9,999

	Six months ended June 30	
	2021	2020
Sales of goods		
MECH	$ 53,762	$ 14,431
MECE	1,602	1,848
Others	1,323	1,307
	$ 56,687	$ 17,586

The prices of goods sold to related parties are based on the different product's profitability and adjusted annually as there is no comparable transaction for the goods sold to the third parties,

and the prices of purchases on behalf of related parties are based on the cost plus mark-ups of 2~ 3%. The credit terms to related parties are 60 to 65 days end of month and 30 to 120 days end of month to the third parties.

B. Purchases

	Three months ended June 30	
	2021	2020
Purchases of goods		
MECH	$ 1,980,521	$ 1,770,303
MECE	1,084,637	1,118,762
Others	40,293	-
	$ 3,105,451	$ 2,889,065

	Six months ended June 30	
	2021	2020
Purchases of goods		
MECH	$ 4,190,924	$ 3,932,148
MECE	2,441,250	1,902,643
Others	90,370	-
	$ 6,722,544	$ 5,834,791

The associates are manufacturers for the Group's products and the prices are based on the different product's profitability and adjusted annually as there is no comparable transaction for the goods purchased from the third parties. The payment terms are 60 to 65 days end of month and 30 to 120 days end of month to the third parties.

C. Receivables from related parties

	June 30, 2021	December 31, 2020	June 30, 2020
Accounts receivable:			
Luxshare Precision Limited (HK)	$ -	$ 214,473	$ -
MECH	23,672	46,822	9,690
MECE	9,883	10,276	4,195
Others	82	1,961	20
Total	$ 33,637	$ 273,532	$ 13,905
Other receivable:			
MECH	$ 384,720	$ 703,400	$ 408,108
MECE	26,558	2,155	28,077
Others	217	-	434
Total	$ 411,495	$ 705,555	$ 436,619

Other receivables as of June 30, 2021, December 31, 2020 and June 30, 2020 mainly were the purchases of raw materials on behalf of MECH and MECE.

D. Payables to related parties

	June 30, 2021	December 31, 2020	June 30, 2020
Accounts payable:			
MECE	$ 1,289,970	$ 2,505,588	$ 1,076,685
MECH	955,392	1,469,889	1,060,256
Others	53,601	192,000	6
Total	$ 2,298,963	$ 4,167,477	$ 2,136,947
Other payable:			
MECE	$ 142,651	$ 54,169	$ 40,068
Others	-	100	699
Total	$ 142,651	$ 54,269	$ 40,767

Other payables mainly were mold developing expense that MECE paid on behalf of the parent company.

E. Contract liabilities (shown as other current liabilities)

	June 30, 2021	December 31, 2020	June 30, 2020
MECH	$ -	$ -	$ 24,596

F. Property transactions

(a) Acquisition of property, plant and equipment:

	Three months ended June 30	
	2021	2020
MECH	$ 1,366	$ 281
MECE	1,004	-
	$ 2,370	$ 281

	Six months ended June 30	
	2021	2020
MECH	$ 2,789	$ 281
MECE	1,981	-
	$ 4,770	$ 281

(b) Disposal of property, plant and equipment:

	Three months ended June 30			
	2021		2020	
	Disposal proceeds	Gain (loss) on disposal	Disposal proceeds	Gain (loss) on disposal
MECH	$ 40	($ 4)	$ -	$ -

	Six months ended June 30			
	2021		2020	
	Disposal proceeds	Gain (loss) on disposal	Disposal proceeds	Gain (loss) on disposal
MECH	$ 198	($ 4)	$ 4,632	$ 386

G. Other current assets - temporary debits of other expenses

	June 30, 2021	December 31, 2020	June 30, 2020
BESKYTTE HUANG & CO	$ -	$ 1,066	$ -

Other current assets mainly were temporary debits of brand royalties.

(3) Key management compensation

	Three months ended June 30	
	2021	2020
Salaries and other short-term employee benefits	$ 2,531	$ 19,475
Post-employment benefits	1	-
Share-based payments	4,859	5,492
	$ 7,391	$ 24,967

	Six months ended June 30	
	2021	2020
Salaries and other short-term employee benefits	$ 10,192	$ 28,523
Post-employment benefits	127	123
Share-based payments	10,794	10,984
	$ 21,113	$ 39,630

8. PLEDGED ASSETS

	Book value			
Pledged asset	June 30, 2021	December 31, 2020	June 30, 2020	Purpose
Time deposits (pledged) (as financial assets at amortized cost – current)	$ 16,053	$ 12,200	$ -	Project guarantee

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

Capital expenditures contracted for at the balance sheet date but not yet incurred is as follows:

	June 30, 2021	December 31, 2020	June 30, 2020
Property, plant and equipment	$ 583,583	$ 350,813	$ 260,117
Intangible assets	4,052	7,412	170,271
	$ 587,635	$ 358,225	$ 430,388

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

Due to the rapidly changing financing environment of the capital market, the Company conducted the issuance of the 3rd domestic unsecured convertible bonds and a cash capital increase through new shares issued under the Board resolution on June 15, 2021. The total face value of the bonds issued amounted to NT$3,000,000 thousand. The total number of shares issued amounted to 6,000 thousand shares (with par value per share NT$10), and it is expected to raise a total fund of NT$480,000 thousand with a temporary issue price set at NT$80 per share. The above-mentioned proposal was declared to the competent authority and effective on July 19, 2021. Please refer to the following for

procedure for the issuance of the bonds.

(1) The proposed issuance of the 3rd domestic unsecured convertible bonds by the Company in 2021 is as follows:

A. The conditions of the issuance is as follows:

(a) The competent authority has approved the Company's third issuance of domestic unsecured corporate bonds. The bonds are for a total issuance amount of $3,000,000 thousand and a coupon rate of 0% with an issue price of 100.5%~101% of the total face value of the bonds, cover a 3-year period of issuance, and will be redeemed in cash at face value at the maturity date. The bonds are expected to be listed on the Taipei Exchange in 2021.

(b) The creditors have the right to ask for conversion of the bonds into common shares of the Company by Taiwan Depository & Clearing Corporation through Securities Firms during the period from the date after three months of the bonds issue to the maturity date, except for (i) the stop transfer period for common shares as specified in the terms of the bonds or the laws/regulations; (ii) the Company's book closure date of stock dividends, book closure date of cash dividends, the period between the date that is 15 business days before the book closure date of a capital increase to the ex-right date; (iii) the period between the record date of a capital reduction and the prior day before the commencement of share trading after shares are repurchased. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.

(c) The conversion price of the bonds is set up based on the pricing model in the terms of the bonds. As of July 29, 2021, the conversion price of convertible bonds was temporarily set at $110.8 per share.

(d) The Company may repurchase all the bonds outstanding in cash at the bonds' face value, based on the Company's redemption rights to the bonds under Article 18 of the terms of issuance and conversion, after the following events occur: (i) the closing price of the Company common shares is above the then conversion price by 30% for 30 consecutive trading days during the period from the date after three month of the bonds issue to 40 days before the maturity date, or (ii) the outstanding balance of the bonds is less than 10% of total initial issue amount during the period from the date after three months of the bonds issue to 40 days before the maturity date.

(e) Under the terms of issuance and conversion, all bonds redeemed (including bonds repurchased from the securities trading markets), matured and converted are retired and not to be sold or re-issued; the conversion rights attached to the bonds are also extinguished.

12. OTHERS

(1) Capital management

Due to the nature of the Group's operating industry and the Group's future development, and the consideration of the changing outside environment, the Company's capital management is to ensure it has sufficient financial resource and operating plans to meet operational capital for future needs, capital expenditure, research and development expense, obligation repayment and dividend distribution within the next year.

The Company monitors capital by reassessing debt ratios periodically. The debt ratios as on June 30 2021, December 31, 2020 and June 30, 2020 were as follows:

	June 30, 2021	December 31, 2020	June 30, 2020
Total debts	$ 20,919,520	$ 21,884,605	$ 13,923,416
Total assets	32,020,852	34,155,348	25,064,865
Debt ratio	65%	64%	56%

(2) Financial instruments

A. Financial instruments by category

	June 30, 2021	December 31, 2020	June 30, 2020
Financial assets			
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	$ 372,215	$ 105,387	$ 61,824
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	$ 1,345,992	$ 1,536,272	$ 1,701,789
Qualifying equity instrument	144,327	232,060	89,285
	$ 1,490,319	$ 1,768,332	$ 1,791,074
Financial assets at amortized cost/ Loans and receivables			
Cash and cash equivalents	$ 5,651,209	$ 3,046,963	$ 6,242,503
Financial assets at amortized at cost	851,853	866,600	-
Accounts receivable (including due from related parties)	7,504,777	12,714,950	5,134,937
Other receivables (including due from related parties)	593,350	776,641	508,454
Guarantee deposits paid	64,523	71,625	38,931
	$ 14,665,712	$ 17,476,779	$ 11,924,825

	June 30, 2021	December 31, 2020	June 30, 2020
Financial liabilities			
Financial liabilities at fair value through profit or loss			
Financial liabilities held for trading	$ 5,342	$ 30,047	$ 10,052
Short-term borrowings	5,477,130	3,271,489	665,760
Notes payable	2,614	-	74
Accounts payable (including payable to related parties)	6,958,811	10,634,407	5,605,057
Other accounts payable (including payable to related parties)	2,569,684	1,655,453	2,647,365
Lease liability	189,047	261,656	154,753
Corporate bonds payable (including maturing within one year or one operating cycle)	2,218,375	2,203,801	2,245,051
Long-term borrowings (including maturing within one year or one operating cycle)	1,100,670	807,419	108,411
Guarantee deposits received	23,893	29,329	3,033
	$ 18,545,566	$ 18,893,601	$ 11,439,556

B. Financial risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

(b) Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. Such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(c) Information about derivative financial instruments that are used to hedge certain exchange rate risk was provided in Note 6 (2).

C. Significant financial risks and degrees of financial risks

There was no significant change in the reporting period. Please refer to Note 12 in the consolidated financial statements for the year ended December 31, 2020, except for the items explained below:

(a) Market risk

Foreign exchange risk

i. The Group operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries used in various functional currencies, primarily with respect to the USD, RMB and HKD. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities.

ii. The Group's management has stipulated a policy stating each entity of the Group shall manage the foreign exchange risk comparing to its functional currency. Each entity shall hedge the overall exchange rate risk according to the instruction of the Group's finance department. Foreign exchange risk is measured at the expected transaction of highly probable payment in USD under the foreign exchange agreement to reduce the impact of fluctuation in foreign exchange rate on expected cost of inventory purchased.

iii. The Group hedge the foreign exchange risk by foreign exchange trading and it is recognized under financial assets or liabilities at fair value through profit or loss. However, it is not accounted for under hedge accounting. Please refer to Note 6 (2).

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

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(Foreign currency: functional currency)	June 30, 2021					
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	Sensitivity analysis		
				Degree of variation	Effect on profit or loss	Effect on other comprehensive income
Financial assets						
Monetary items						
Cash in banks						
USD : NTD	$ 59,658	27.86	$ 1,662,072	3%	$ 49,862	$ -
RMB : NTD	3,844	4.31	16,564	3%	497	-
USD : HKD	8,879	7.77	247,369	3%	7,421	-
USD : RMB	5,994	6.47	166,993	3%	5,010	-
RMB : HKD	2,538	1.20	10,936	3%	328	-
Receivables						
USD : HKD	$ 1,084	7.77	$ 30,200	3%	$ 906	$ -
USD : NTD	218,146	27.86	6,077,548	3%	182,326	-
USD : RMB	38,077	6.47	1,060,825	3%	31,825	-
SGD : USD	3,286	0.74	68,119	3%	2,044	-
Non-monetary items						
Current financial assets at fair value through other comprehensive income						
USD : NTD	$ 5,000	27.86	$ 139,300	3%	($ 1,010)	$ -
Current financial assets at amortized cost						
USD : NTD	$ 30,000	27.86	$ 835,800	3%	$ 25,074	$ -
Investments accounted for under equity method						
USD : NTD	$ 114,009	27.86	$ 3,176,288	3%	$ -	$ 95,289
HKD : NTD	280,029	3.59	1,004,464	3%	-	30,134
RMB : NTD	86,186	4.31	371,376	3%	-	11,141

(Foreign currency: functional currency)	June 30, 2021					
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	Sensitivity analysis		
				Degree of variation	Effect on profit or loss	Effect on other comprehensive income
Financial liabilities						
Monetary items						
Bank loan						
USD : NTD	$ 107,000	27.86	$ 2,981,020	3%	$ 89,431	$ -
USD : RMB	63,412	6.47	1,766,658	3%	53,000	-
USD : CAD	2,600	0.81	72,436	3%	2,173	-
RMB : NTD	16,716	4.31	72,029	3%	2,161	-
Payables						
HKD : RMB	$ 188	0.83	$ 674	3%	$ 20	$ -
RMB : NTD	180,131	4.31	776,184	3%	23,286	-
USD : NTD	128,811	27.86	3,588,674	3%	107,660	-
USD : RMB	37,773	6.47	1,052,356	3%	31,571	-

(Foreign currency: functional currency)	December 31, 2020					
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	Sensitivity analysis		
				Degree of variation	Effect on profit or loss	Effect on other comprehensive income
Financial assets						
Monetary items						
Cash in banks						
USD : NTD	$ 11,164	28.48	$ 317,951	3%	$ 9,539	$ -
RMB : NTD	2,882	4.38	12,615	3%	378	-
USD : HKD	8,736	7.75	248,801	3%	7,464	-
HKD : NTD	201	3.67	738	3%	22	-
USD : RMB	9,412	6.51	268,054	3%	8,042	-
USD : THB	1,390	29.80	39,587	3%	1,188	-
RMB : HKD	2,534	1.19	11,091	3%	333	-
Receivables						
USD : HKD	$ 1,321	7.75	$ 37,622	3%	$ 1,129	$ -
USD : NTD	366,711	28.48	10,443,929	3%	313,318	-
USD : RMB	115,742	6.51	3,296,332	3%	98,890	-
USD : THB	5,126	29.80	145,988	3%	4,380	-
SGD : USD	-	0.76	-	3%	-	-
Non-monetary items						
Current financial assets at fair value through other comprehensive income						
USD : NTD	$ 8,000	28.48	$ 227,840	3%	$ 6,335	$ -
Current financial assets at amortized cost						
USD : NTD	$ 3,000	28.48	$ 85,440	3%	$ 2,563	$ -
Investments accounted for under equity method						
USD : NTD	$ 110,476	28.48	$ 3,146,355	3%	$ -	$ 94,391
HKD : NTD	247,654	3.67	909,632	3%	-	27,289
RMB : NTD	85,181	4.38	372,839	3%	-	11,185

(Foreign currency: functional currency)	December 31, 2020					
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	Sensitivity analysis		
				Degree of variation	Effect on profit or loss	Effect on other comprehensive income
Financial liabilities						
Monetary items						
Bank loan						
USD : NTD	$ 48,000	28.48	$ 1,367,040	3%	$ 41,011	$ -
USD : RMB	42,815	6.51	1,219,371	3%	36,581	-
USD : CAD	2,600	0.78	74,048	3%	2,221	-
RMB : NTD	4,500	4.38	19,697	3%	591	-
Payables						
HKD : RMB	$ 234	0.84	$ 859	3%	$ 26	$ -
RMB : NTD	213,075	4.38	932,629	3%	27,979	-
USD : NTD	230,702	28.48	6,570,393	3%	197,112	-
USD : RMB	61,494	6.51	1,751,349	3%	52,540	-

(Foreign currency: functional currency)	June 30, 2020					
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	Sensitivity analysis		
				Degree of variation	Effect on profit or loss	Effect on other comprehensive income
Financial assets						
Monetary items						
Cash in banks						
USD : NTD	$ 47,281	29.63	$ 1,400,936	3%	$ 42,028	$ -
RMB : NTD	29,007	4.19	121,568	3%	3,647	-
USD : HKD	9,056	7.75	268,329	3%	8,050	-
HKD : NTD	1,060	3.82	4,052	3%	122	-
USD : RMB	329	7.07	110,490	3%	3,315	-
USD : THB	4,331	30.72	128,328	3%	3,850	-
RMB : HKD	1,614	1.10	6,764	3%	203	-
Receivables						
USD : HKD	$ 997	7.75	$ 29,541	3%	$ 886	$ -
USD : NTD	141,140	29.63	4,181,978	3%	125,459	-
USD : RMB	52,723	7.07	1,562,182	3%	46,865	-
USD : THB	3,719	30.72	110,194	3%	3,306	-
SGD : USD	2,723	0.72	57,837	3%	1,735	-
Non-monetary items						
Current financial assets at fair value through other comprehensive income						
USD : NTD	$ 2,991	29.63	$ 88,623	3%	$ -	$ 2,659
Investments accounted for under equity method						
USD : NTD	$ 94,646	29.63	$ 2,804,362	3%	$ -	$ 84,131
HKD : NTD	189,411	3.82	724,117	3%	-	21,724
RMB : NTD	86,084	4.19	360,776	3%	-	10,823

(Foreign currency: functional currency)	June 30, 2020					
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	Sensitivity analysis		
				Degree of variation	Effect on profit or loss	Effect on other comprehensive income
Financial liabilities						
Monetary items						
Bank loan						
USD : NTD	$ 3,000	29.63	$ 88,890	3%	$ 2,667	$ -
USD : RMB	15,201	7.07	450,392	3%	13,512	-
USD : CAD	2,600	0.73	77,038	3%	2,311	-
RMB : NTD	11,750	4.19	49,244	3%	1,477	-
Payables						
HKD : RMB	$ 2,363	0.91	$ 9,034	3%	$ 271	$ -
RMB : NTD	230,515	4.19	966,088	3%	28,983	-
USD : NTD	117,595	29.63	3,484,340	3%	104,530	-
USD : RMB	26,902	7.07	797,106	3%	23,913	-

Total exchange gain (loss), including realized and unrealized, arising from significant foreign exchange variation on the monetary items held by the Group for the three months and six months ended June 30, 2021 and 2020 amounted to a gain of $15,140 thousand, a loss of $22,091 thousand, a loss of $33,439 thousand, and a loss of $20,122 thousand, respectively.

Price risk

i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and available-for-sale financial assets. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

ii. The Group's investments in equity securities comprise shares and open-end funds issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 3% with all other variables held constant, post-tax profit for the six months ended June 30, 2021 and 2020 would have increased/decreased by $794 thousand and $729 thousand, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by $40,380 thousand and $51,054 thousand, respectively, as a result of other comprehensive income classified as available-for-sale equity investment and equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

i. The Group's borrowings are measured at amortized cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.

ii. If the borrowing interest rate had increased/decreased by 0.25% with all other variables held constant, profit (loss), net of tax for the six months ended June 30, 2021 and 2020 would have increased/decreased by $6,578 thousand and $774 thousand, respectively. The main factor is that changes in interest expense result in floating-rate borrowings.

iii. If the Current investments in debt instrument interest rate had increased/decreased by 0.25% with all other variables held constant, profit (loss), net of tax for the six months ended June 30, 2021 and 2020 would have increased/decreased by $424 thousand and $90 thousand, respectively. The main factor is that changes in interest expense result in floating-rate borrowings.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortized cost, at fair value through profit or loss and at fair value through other comprehensive income.

ii. For banks and financial institutions, the Group transacts with a variety of banks and financial institutions, mainly domestic and overseas well-known financial institutions, to avoid concentration in any single counterparty and to minimize credit risk. The Group can only enter into the financial services and loan agreement provided by banks and financial institutions after being approved by the Board of Directors or authorized management according to the Company's delegation of authorization policy. To prevent legal risks, all the Group signs with banks and financial institutions after all documents are examined by counsel or legal advisor profession. The Group periodically checks the credit rating, conditions and quality of service as well as transactions. According to the Group's operating condition, the credit limits and utilization of credit limits are monitored on a regular basis and maintained within a reasonable range to ensure it meets

the needs of the operation.

iii. The Group adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.

iv. The Group adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

(i) If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

(ii) For investments in bonds that are traded over the counter, if any external credit rating agency rates these bonds as investment grade, the credit risk of these financial assets is low.

v. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:

(i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;

(ii) The disappearance of an active market for that financial asset because of financial difficulties;

(iii) Default or delinquency in interest or principal repayments;

(iv) Adverse changes in national or regional economic conditions that are expected to cause a default.

vi. The Group classifies customers' accounts receivable, contract assets in accordance with geographic area. The Group applies the modified approach using provision matrix to estimate expected credit loss under the provision matrix basis.

vii. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights.

viii. The Group used the forecastability of adjust historical and timely information to assess the default possibility of accounts receivable, contract assets and lease payments receivable. As of June 30, 2021, December 31, 2020 and June 30, 2020, the provision matrix is as follows:

	Not past due	Up to 30 days	31 to 90 days	Over 90 days	Total
June 30, 2021					
Expected loss rate	0.04%	0.79%	5.51%	100%	
Total book value	$ 7,238,657	$ 149,113	$ 92,676	$ 10,841	$ 7,491,287
Loss allowance	($ 3,023)	($ 1,172)	($ 5,111)	($ 10,841)	($ 20,147)
December 31, 2020					
Expected loss rate	0.02%	2.13%	25.59%	100%	
Total book value	$ 12,401,873	$ 38,897	$ 6,066	$ 24,258	$ 12,471,094
Loss allowance	($ 3,038)	($ 828)	($ 1,552)	($ 24,258)	($ 29,676)
June 30, 2020					
Expected loss rate	0.08%	6.01%	20.87%	100%	
Total book value	$ 5,056,543	$ 62,163	$ 12,927	$ 16,452	$ 5,148,085
Loss allowance	($ 4,164)	($ 3,739)	($ 2,698)	($ 16,452)	($ 27,053)

ix. Movements in relation to the Group applying the modified approach to provide loss allowance for accounts receivable are as follows:

	2021
	Accounts receivable
At January 1	$ 29,676
Reversal of impairment loss	(8,262)
Effect of foreign exchange	(1,267)
At June 30	$ 20,147

	2020
	Accounts receivable
At January 1	$ 29,507
Reversal of impairment loss	(1,694)
Effect of foreign exchange	(760)
At June 30	$ 27,053

For provisioned loss during the six months ended June 30, 2021 and 2020, the (reversal of) impairment losses arising from customers' contracts were a gain of $8,262 thousand and a gain of $1,694 thousand, respectively.

x. For the six months ended June 30, 2021 and 2020, there was no loss allowance for investments in debt instruments at fair value through other comprehensive income.

xi. For investments in debt instruments at fair value through other comprehensive income, the credit rating levels are presented below:

	June 30, 2021			
		Lifetime		
	12 months	Significant increase in Credit risk	Impairment of credit	Total
Financial assets at fair value through other comprehensive income				
Group 1	$ 144,327	$ -	$ -	$ 144,327

	December 31, 2020			
		Lifetime		
	12 months	Significant increase in Credit risk	Impairment of credit	Total
Financial assets at fair value through other comprehensive income				
Group 1	$ 232,060	$ -	$ -	$ 232,060

	June 30, 2020			
		Lifetime		
	12 months	Significant increase in Credit risk	Impairment of credit	Total
Financial assets at fair value through other comprehensive income				
Group 1	$ 89,285	$ -	$ -	$ 89,285

Group 1: Debt instruments designated as investment grade.

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.

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

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

iv. The Group has $6,411,069 thousand, $7,597,976 thousand and $4,720,258 thousand in undrawn borrowing facilities as of June 30, 2021, December 31, 2020 and June 30, 2020, respectively.

Non-derivative financial liabilities

June 30, 2021	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Short-term borrowings	$ 3,236,754	$2,251,633	$ -	$ -	$ -	$ 5,488,387
Notes payable	2,614	-	-	-	-	2,614
Accounts payable	4,137,892	521,956	-	-	-	4,659,848
Accounts payable - related parties	2,090,535	208,428	-	-	-	2,298,963
Other payables (including related parties)	2,534,448	35,236	-	-	-	2,569,684
Lease liabilities	35,299	81,718	21,787	22,624	30,724	192,152
Other current liabilities	56,143	42	-	-	-	56,185
Bonds payable	2,231,900	-	-	-	-	2,231,900
Long-term borrowings	814	35,205	167,926	856,111	50,075	1,110,131
Derivative financial liabilities						
Forward exchange contracts	5,342	-	-	-	-	5,342

Non-derivative financial liabilities

December 31, 2020	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Short-term borrowings	$ 2,591,817	$ 681,792	$ -	$ -	$ -	$ 3,273,609
Accounts payable	6,062,301	404,629	-	-	-	6,466,930
Accounts payable - related parties	4,043,135	124,342	-	-	-	4,167,477
Other payables (including related parties)	1,588,845	66,608	-	-	-	1,655,453
Lease liabilities	39,865	110,075	57,231	24,612	35,049	266,832
Other current liabilities	76,729	531	-	-	-	77,260
Bonds payable	-	2,231,900	-	-	-	2,231,900
Long-term borrowings	828	10,001	84,284	635,779	87,718	818,610
Derivative financial liabilities						
Forward exchange contracts	30,047	-	-	-	-	30,047

Non-derivative financial liabilities

June 30, 2020	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Short-term borrowings	$ 552,166	$ 115,461	$ -	$ -	$ -	$ 667,627
Notes payable	74	-	-	-	-	74
Accounts payable	2,643,359	824,751	-	-	-	3,468,110
Accounts payable - related parties	2,080,674	56,273	-	-	-	2,136,947
Other payables (including related parties)	2,609,521	37,844	-	-	-	2,647,365
Lease liabilities	14,914	38,961	44,294	27,354	35,285	160,808
Other current liabilities	44,913	631	-	-	-	45,544
Bonds payable	-	-	2,289,500	-	-	2,289,500
Long-term borrowings	106	315	12,966	88,223	8,362	109,972
Derivative financial liabilities						
Forward exchange contracts	10,052	-	-	-	-	10,052

(3) Fair value information

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability takes place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks, and derivative instruments with quoted market prices is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investment in certain derivative instruments and equity instruments is included in Level 2.

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

B. Financial instruments not measured at fair value Financial instruments not measured at fair value include the carrying amounts of cash and cash equivalents, notes receivable, accounts receivable, other receivables, short-term and long-term borrowings, notes payable, accounts payable and other payables.

		Fair value		
June 30, 2021	Book value	Level 1	Level 2	Level 3
Liabilities				
Bonds payable	$ 2,231,900	$ -	$2,218,375	$ -
		Fair value		
December 31, 2020	Book value	Level 1	Level 2	Level 3
Liabilities				
Bonds payable	$ 2,231,900	$ -	$2,203,801	$ -
		Fair value		
June 30, 2020	Book value	Level 1	Level 2	Level 3
Liabilities				
Bonds payable	$ 2,231,900	$ -	$2,245,051	$ -

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:

June 30, 2021	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
-Equity securities	$ -	$ -	$ 26,468	$ 26,468
-Forward exchange contracts	-	10,230	-	10,230
-Fund	55,517	-	-	55,517
-Bonds investments	-	280,000	-	280,000
Financial liabilities at fair value through other comprehensive income				
- Equity securities	1,207,124	-	138,868	1,345,992
- Debt securities	144,327	-	-	144,327
	$ 1,406,968	$ 290,230	$ 165,336	$ 1,862,534
Liabilities				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
-Forward exchange contracts	$ -	$ 5,342	$ -	$ 5,342

December 31, 2020	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
-Equity securities	$ -	$ -	$ 26,468	$ 26,468
-Forward exchange contracts	-	26,316	-	26,316
-Fund	52,157	-	-	52,157
-Call options of convertible bonds	-	-	446	446
Financial liabilities at fair value through other comprehensive income				
- Equity securities	1,402,262	-	134,010	1,536,272
- Debt securities	232,060	-	-	232,060
	$ 1,686,479	$ 26,316	$ 160,924	$ 1,873,719
Liabilities				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
-Forward exchange contracts	$ -	$ 30,047	$ -	$ 30,047

June 30, 2020	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
-Equity securities	$ -	$ -	$ 24,305	$ 24,305
-Forward exchange contracts	-	6,235	-	6,235
-Fund	30,826	-	-	30,826
-Call options of convertible bonds	-	-	458	458
Financial liabilities at fair value through other comprehensive income				
- Equity securities	1,576,318	-	125,471	1,701,789
- Debt securities	89,285	-	-	89,285
	$ 1,696,429	$ 6,235	$ 150,234	$ 1,852,898
Liabilities				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
-Forward exchange contracts	$ -	$ 10,052	$ -	$ 10,052

D. The methods and assumptions the Group used to measure fair value are as follows:

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

	Listed shares	Open-end fund
Market quoted price	Closing price at evaluation date	Net asset value at evaluation date

ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods.

iii. Forward exchange contracts are usually valued based on the current forward exchange rate.

iv. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on

current market conditions.

E. For the six months ended June 30, 2021 and 2020, there was no transfer between Level 1 and Level 2.

F. The following chart is the movement of Level 3 for the six months ended June 30, 2021 and 2020:

	Six months ended June 30	
	2021	2020
At January 1	$ 160,924	$ 152,921
Current increase	-	3,004
Losses recognized in profit or loss	(446)	(1,832)
Gains (losses) recognized in other comprehensive income	4,858	(3,859)
At June 30	$ 165,336	$ 150,234

G. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at June 30, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Equity securities	$ 138,868	Market comparable companies	Price to book ratio multiple	$ 15,528	The higher the multiplier, the higher the fair value
Private equity funds in venture capital	26,468	Net asset value	N/A	26,468	N/A

	Fair value at December 31, 2020	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Equity securities	$ 134,010	Market comparable companies	Price to book ratio multiple	$ 15,818	The higher the multiplier, the higher the fair value
Private equity funds in venture capital	26,468	Net asset value	N/A	26,468	N/A
Call options of convertible bonds	446	Binary tree convertible bond valuation model	Risk-free interest rate	0.0544%	The higher the risk-free interest rate, the lower the fair value

	Fair value at June 30, 2020	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Equity securities	$ 78,279	Market comparable companies	Price to book ratio multiple	$ 15,921	The higher the multiplier, the higher the fair value
Private equity funds in venture capital	24,305	Net asset value	N/A	24,305	N/A
Call options of convertible bonds	458	Binary tree convertible bond valuation model	Risk-free interest rate	0.2502%	The higher the risk-free interest rate, the lower the fair value
			Stock price	139.5	The higher the stock price, the higher the fair value
			Volatility	32.46%	The higher the stock price volatility, the higher the fair value

H. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets and liabilities categorized within Level 3 if the inputs used to valuation models have changed:

			June 30, 2021			
			Recognized in profit or loss		Recognized in other comprehensive income	
	Input	Change	Favorable change	Unfavorable change	Favorable change	Unfavorable change
Equity securities	Cash flow	±10%	$ -	$ -	$ 13,887	($ 13,887)

			December 31, 2020			
			Recognized in profit or loss		Recognized in other comprehensive income	
	Input	Change	Favorable change	Unfavorable change	Favorable change	Unfavorable change
Financial assets						
Call options of convertible bonds	Risk-free interest rate	±20bp	$ -	$ -	$ -	$ -
	Stock price	±10%	446	(223)	-	-
	Volatility	±5%	223	(223)	-	-
Equity securities	Cash flow	±10%	-	-	13,401	(13,401)
			$ 669	($ 446)	$ 13,401	($ 13,401)

			June 30, 2020			
			Recognized in profit or loss		Recognized in other comprehensive income	
Financial assets						
Call options of convertible bonds	Risk-free interest rate	±20bp	$ -	$ -	$ -	$ -
	Stock price	±10%	229	(229)	-	-
	Volatility	±5%	229	(229)	-	-
Equity securities	Cash flow	±10%	-	-	7,828	(7,828)
			$ 458	($ 458)	$ 7,828	($ 7,828)

(4) Assessment of impact of COVID-19

Though there is COVID-19 pandemic and several epidemic prevention measures from the government, the Group's overall business were not significantly impacted based on the Group's assessment as of June 30, 2021. The Group has taken actions to prevent the spread of the pandemic which may affect the business operation, and has been monitoring the status of this matter.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: Please refer to table 1.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 2.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: Please refer to Note 4 (3).

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: Please refer to table 3.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 4.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 5.

I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Note 6 (2).

J. Significant inter-company transactions during the reporting periods: Purchases or sales of goods from or to related parties reaching $100 million or more: Please refer to table 6.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 7.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 8.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in Mainland China: Please refer to table 9.

(4) Major shareholders information

Major shareholders information: None.

14. SEGMENT INFORMATION

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions. Business organization is divided into Taiwan, Shenzhen, Singapore and other segments based on the operating regions. The Company's revenue is mainly from manufacturing and sales of microphones, receivers, speakers and other electronic components.

(2) Measurement of segment information

The Group evaluates the performance of the operating segments based on post-tax profit or loss.

(3) Information about segment profit or loss, assets and liabilities

A. The segment information provided to the chief operating decision-maker for the reportable

segments for the six months ended June 30, 2021 is as follows:

	Taiwan	Shenzhen	Singapore	Others	Total
Revenue					
Revenue from external customers	$ 11,323,640	$ 1,159,075	$ 2,759,313	$ 661,432	$ 15,903,460
Inter-segment revenue	57,982	4,547,900	-	2,464,823	7,070,705
Total revenue	$ 11,381,622	$ 5,706,975	$ 2,759,313	$ 3,126,255	$ 22,974,165
Segment profit (loss)	$ 181,838	($ 347,752)	$ 113,935	$ 184,116	$ 132,137

Note: The Group does not use segment information relating to assets and liabilities to evaluate segment performance. As a result, such assets and liabilities to be disclosed amounted to $0.

B. The segment information provided to the chief operating decision-maker for the reportable segments for the six months ended June 30, 2020 is as follows:

	Taiwan	Shenzhen	Singapore	Others	Total
Revenue					
Revenue from external customers	$ 9,319,984	$ 123,746	$ 1,735,871	$ 442,263	$ 11,621,864
Inter-segment revenue	3,523	3,565,365	19,432	576,290	4,164,610
Total revenue	$ 9,323,507	$ 3,689,111	$ 1,755,303	$ 1,018,553	$ 15,786,474
Segment profit (loss)	$ 350,149	($ 25,938)	$ 171,109	($ 145,171)	$ 350,149

Note: The Group does not use segment information relating to assets and liabilities to evaluate segment performance. As a result, such assets and liabilities to be disclosed amounted to $0.

C. The Group's reportable operating segments are classified based on the operating regions.

D. The accounting policies of the operating segments are in agreement with the significant accounting policies summarized in Note 4. The Group's segment profit (loss) is measured with the current profit (loss), which is used as a basis for the Group in assessing the performance of the operating segments.

(4) Reconciliation for segment income (loss)

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

A. A reconciliation of income after adjustment and total segment income from continuing operations is provided as follows:

	Six months ended June 30	
	2021	2020
Adjusted revenue from reportable segments	$ 19,847,910	$ 14,767,921
Adjusted revenue from other operating segments	3,126,255	1,018,553
Total operating segments	22,974,165	15,786,474
Elimination of inter-segment revenue	(7,070,705)	(4,164,610)
Total consolidated operating revenue	$ 15,903,460	$ 11,621,864

B. A reconciliation of adjusted current income before tax and the income before tax from continuing operations is provided as follows:

	Six months ended June 30	
	2021	2020
Adjusted income from reportable segments after income tax	($ 51,979)	$ 495,320
Adjusted income from other operating segments after income tax	618,783	114,228
Total operating segments	566,804	609,548
Elimination of inter-segment income	(434,667)	(259,399)
Income from continuing operations after income tax	$ 132,137	$ 350,149

MERRY ELECTRONICS CO., LTD. AND SUBSIDIARIES

Provision of endorsements and guarantees to others
Six months ended June 30, 2021

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being Endorsed/guaranteed: Company name	Party being Endorsed/guaranteed: Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of June, 2021	Outstanding endorsement/ guarantee amount as of June 30, 2021	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 4)	Provision of endorsements / guarantees by parent company to subsidiary	Provision of endorsements / guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
0	MEHO	SOCV	2	$ 8,512,730	$ 97,510	$ 97,510	$ 72,436	$ -	0.92%	$ 10,640,912	Y	N	N	
0	MEHO	SENM	2	8,512,730	27,860	27,860	-	-	0.26%	10,640,912	Y	N	N	

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

(1) The Company is ‘0’.

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

Note 2: Relationship between the endorser/guarantor and the party being endorsed/ guaranteed is classified into the following six categories; fill in the number of category each case belongs to:

(1) Having business relationship.

(2) The Company holds over 50% of the voting rights directly or indirectly.

(3) This company holds over 50% of the voting rights of the Company directly or indirectly.

(4)The Company holds over 90% of the voting rights directly or indirectly.

Note 3: The guarantees and endorsements for a single party should not exceed 80% of the Company’s net assets.

Note 4: The ceiling on total amount of endorsements/guarantees provided to others by the Company is 100% of the Company's net assets.

MERRY ELECTRONICS CO., LTD. AND SUBSIDIARIES

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

June 30, 2021

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer	General ledger account	As of June 30, 2021 Number of shares	Book value (in thousands)	Ownership (%)	Fair value (in thousands)	Note
The Company	76324296A KGI Taiwan Multi-Asset Income Fund A TWD	-	Financial assets mandatorily measured at fair value through profit or loss	5,015	$ 50,000	-	$ 55,517	
			Valuation adjustment		5,517			
					$ 55,517			
The Company	SYNergy Private Placement (YDB8AA)	-	Financial assets mandatorily measured at fair value through profit or loss	280,000	$ 280,000	-	$ 280,000	
The Company	JAFCO	-	Non-current financial assets mandatorily measured at fair value through profit or loss	875	$ 26,468	0.71%	$ 26,468	
The Company	2881B.TW	-	Equity instruments measured at fair value through other comprehensive income	683	$ 40,980	-	$ 43,097	
The Company	2882B.TW	-	Equity instruments measured at fair value through other comprehensive income	585	35,100	-	36,855	
The Company	5871A	-	Equity instruments measured at fair value through other comprehensive income	300	30,000	-	30,000	
					106,080		$ 109,952	
					3,872			
					$ 109,952			
The Company	Stock - 4943.TW	-	Measured at fair value through other comprehensive income - non-current	13,905	$ 648,164	8.84%	$ 1,015,047	
The Company	Stock - 3290.TW	-	Measured at fair value through other comprehensive income - non-current	5,723	99,990	5.75%	82,125	
The Company	Stock - FUJITER Semiconductor CO.,LTD.	-	Measured at fair value through other comprehensive income - non-current	2,126	27,811	9.79%	16,563	
The Company	Stock - NETVOX TECHNOLOGY CO., LTD	-	Measured at fair value through other comprehensive income - non-current	324	2,976	1.32%	-	
The Company	Stock - -EVER THAI AGRI-PRODUCT CO.,LTD.	-	Measured at fair value through other comprehensive income - non-current	683	6,425	5.17%	6,425	
The Company	Stock - -SUNSINO SME Development Co., Ltd.	-	Measured at fair value through other comprehensive income - non-current	169	2,123	0.36%	2,123	
The Company	Stock - -LINSATION Intelligent Technology Limited	-	Measured at fair value through other comprehensive income - non-current	75	8,772	6.35%	8,772	
The Company	Stock - MERRY FULING CO., LTD., TAIWAN BRANCH (SAMOA)	-	Measured at fair value through other comprehensive income - non-current	356	10,437	19.00%	10,437	
The Company	Bond - XS218687550	-	Debt instruments measured at fair value through other comprehensive income	5,000	144,625	-	144,327	
					951,323		$ 1,285,819	
			Valuation adjustment		334,496			
					$ 1,285,819			
MEST	Stock - Perfect Fortune Inc	-	Measured at fair value through other comprehensive income - non-current	2,126	$ 7,627	18.33%	$ 63,927	
MEST	Stock - LOYAL WIRE& CABLE COMPANY LTD	-	Measured at fair value through other comprehensive income - non-current	1,159	7,352	18.33%	30,621	
					14,979		$ 94,548	
			Valuation adjustment		79,569			
					$ 94,548			

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS 9.

MERRY ELECTRONICS CO., LTD. AND SUBSIDIARIES
Acquisition of real estate reaching $300 million or 20% of the Company's paid-in capital
Six months ended June 30, 2021

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Real estate acquired by	Real estate acquired	Date of the event	Transaction amount	Status of payment	Counterparty	Relationship with the counterparty	If the counterparty is a related party, information as to the last transaction of the real estate is disclosed below				Basis or reference used in setting the price	Reason for acquisition of real estate and status of the real estate	Other commitment
							Original owner who sold the real estate to the counterparty	Relationship between the original owner and the acquirer	Date of the original transaction	Amount			
MEVN	Plant	May 11, 2020	$ 483,488	$ 443,827	HOP LUC CONSTRUCTION JOINT STOCK COMPANY	None	-	-	-	-	-	For business use	-

MERRY ELECTRONICS CO., LTD. AND SUBSIDIARIES
Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more
Six months ended June 30, 2021

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions (Note 1)		Notes/accounts receivable (payable)		
Purchase/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance (Note 2)	Percentage of total notes/ accounts receivable payable	Note
The Company	MECE	Investment accounted for using the equity method	Purchases	$ 4,106,845	26%	60 - 65 days end of month after offsetting with accounts receivable	(Note 1)	30~120 days end of month for the third parties	($ 1,241,822)	18%	
The Company	MECL	A subsidiary of the Company	Purchases	4,076,761	26%	60 - 65 days end of month after offsetting with accounts receivable	(Note 1)	30~120 days end of month for the third parties	(1,467,373)	21%	(Note 3)
The Company	MEVN	A subsidiary of the Company	Purchases	1,515,664	10%	60 - 65 days end of month after offsetting with accounts receivable	(Note 1)	30~120 days end of month for the third parties	(790,489)	11%	(Note 3)
The Company	MECH	Investment accounted for using the equity method	Purchases	1,175,486	7%	60 - 65 days end of month after offsetting with accounts receivable	(Note 1)	30~120 days end of month for the third parties	(350,864)	5%	
METC	The Company	Parent company	Purchases	575,282	4%	60 - 65 days end of month after offsetting with accounts receivable	(Note 1)	30~120 days end of month for the third parties	(606,285)	9%	(Note 3)
MESG	MECH	Investment accounted for using the equity method	Purchases	1,261,284	8%	60 - 65 days end of month after offsetting with accounts receivable	(Note 1)	30~120 days end of month for the third parties	(602,881)	9%	
MESG	METC	A subsidiary of the Company	Purchases	906,219	6%	60 - 65 days end of month after offsetting with accounts receivable	(Note 1)	30~120 days end of month for the third parties	(243,512)	3%	(Note 3)
MESG	MECL	A subsidiary of the Company	Purchases	472,455	3%	60 - 65 days end of month after offsetting with accounts receivable	(Note 1)	30~120 days end of month for the third parties	(232,223)	3%	(Note 3)

Note 1: For purchase transactions with related parties, the price is based on the profitability of the product and will be adjusted annually.
Note 2: The balance is the net amount after offsetting accounts receivable and payable due from/ to related parties.
Note 3: Inter-company transactions between companies within the Group are eliminated.

MERRY ELECTRONICS CO., LTD. AND SUBSIDIARIES
Receivables from related parties reaching $100 million or 20% of paid-in capital or more
June 30, 2021

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance of accounts receivable due from related party		Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date (Note2)	Allowance for doubtful accounts	Note
			General ledger account	Amount		Amount	Action taken			
The Company	METC	A subsidiary of the Company	Accounts receivable	$ 606,285	2.62	$ -	-	$ 276,762	$ -	(Note 1)
MECL	The Company	Parent Company	Accounts receivable	1,467,373	3.11	-	-	410,456	-	(Note 1)
MECL	MESG	A subsidiary of the Company	Accounts receivable	232,223	2.88	-	-	86,676	-	(Note 1)
METC	MESG	A subsidiary of the Company	Accounts receivable	243,512	8.93	-	-	119,030	-	(Note 1)
MEVN	The Company	Parent Company	Accounts receivable	790,489	6.24	-	-	436,568	-	(Note 1)
MECL	MECH	Investment accounted for using the equity method	Other receivable	384,720	-	-	-	128,052	-	

Note 1: Inter-company transactions between companies within the Group are eliminated.
Note 2: The balance was as at July 29, 2021.

MERRY ELECTRONICS CO., LTD. AND SUBSIDIARIES
Significant inter-company transactions during the reporting periods
Six months ended June 30, 2021

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

				Transaction			
Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	MEHO	MECL	1	Purchases	$ 4,076,761	The price is based on the profitability of the product	26%
0	MEHO	MECL	1	Accounts payable	1,467,373	The balance shown was net of receivables as agreed by both parties	5%
0	MEHO	MEVN	1	Purchases	1,515,664	The price is based on the profitability of the product	10%
0	MEHO	MEVN	1	Accounts payable	790,489	The balance shown was net of receivables as agreed by both parties	2%
1	METC	MEHO	2	Purchases	575,282	The price is based on the profitability of the product	4%
1	METC	MEHO	2	Accounts payable	606,285	The balance shown was net of receivables as agreed by both parties	2%
2	MESG	MECL	3	Purchases	472,455	The price is based on the profitability of the product	3%
2	MESG	MECL	3	Accounts payable	232,223	The balance shown was net of receivables as agreed by both parties	1%
2	MESG	METC	3	Purchases	906,219	The price is based on the profitability of the product	6%
2	MESG	METC	3	Accounts payable	243,512	The balance shown was net of receivables as agreed by both parties	1%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:
1. Parent company is '0'.
2. The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counter party is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):
1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

MERRY ELECTRONICS CO., LTD. AND SUBSIDIARIES
Information on investees
Six months ended June 30, 2021

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as on June 30, 2021			Net profit (loss) of the investee for the year ended June 30, 2021	Investment income (loss) recognized by the Company for the year ended June 30, 2021	Note
				Balance as on June 30, 2021	Balance as on December 31, 2020	Number of shares (in thousand shares)	Ownership (%)	Book value			
The Company	MEST	HONG KONG	Sales of microphone, receiver and speaker	$ 981,113	$ 981,113	25,658	100.00	$ 3,790,117	($ 239,302)	($ 236,123)	(Note 1)
The Company	DDBV	British Virgin IS.	General investment business	1,479,925	1,479,925	48,005	100.00	3,176,369	54,156	80,437	(Note 1)
The Company	LEOHAB ENTERPRISE CO.,LTD.	Taichung City	Plastic injection molding and metal stamping	96,666	96,666	4,986	21.00	47,667	10,488	2,202	
The Company	MECA	U.S.A.	Technique, marketing and after service	28,887	28,887	999	99.90	34,923	8,226	8,218	
The Company	MESG	SINGAPORE	Sales of microphone, receiver and speaker	92,132	92,132	800	100.00	1,216,512	113,935	113,935	
The Company	METC	THAILAND	Microphone, components and product and sale of other electric products	484,358	484,358	5,060	99.99	569,292	60,781	61,320	(Note 1)
The Company	MHKY	CAYMAN	Sales of medical device	887,287	887,287	24,979	100.00	655,493	(54,927)	(54,927)	
The Company	INSA	SAMOA	General investment business	1,199,977	865,832	-	100.00	844,155	(23,490)	(16,443)	
The Company	BTTT	Taichung City	Sales of medical device	14,640	14,640	9,000	100.00	22,362	710	710	
The Company	MEVN	VIETNAM	Manufacture of microphone and speaker	366,710	366,710	-	51.00	449,966	153,137	78,100	
DDBV	UCMU	MAURITIUS	General investment business	151	151	5	100.00	-	-	-	(Note 2)
DDBV	MTHK	HONG KONG	General investment business	1,392,956	1,392,956	48,000	100.00	3,176,288	54,156	-	(Note 2)
MHKY	FUSA	SAMOA	General investment business	818,916	818,916	-	97.12	672,215	(52,221)	-	(Note 2)
INSA	SOCV	CANADA	Sale and development of speaker and power amplifier	30	30	-	100.00	36,915	46	-	(Note 2)
SOCV	SOCA	CANADA	General investment business	11,112	11,112	-	100.00	72,576	8,011	-	(Note 2)
SOCA	SENM	NORWAY	Manufacture and sales of speaker monomer	23	23	-	100.00	59,070	7,978	-	(Note 2)

Note 1: The investment income included unrealized gains or losses and realized gains arising from upstream transactions.
Note 2: The investee is second subsidiary and investment income (loss) is not shown.

MERRY ELECTRONICS CO., LTD. AND SUBSIDIARIES
Information on investees in Mainland China
Six months ended June 30, 2021

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2021	Amount remitted from Taiwan to Mainland China / Amount remitted back to Taiwan for six months ended June 30, 2021: Remitted to Mainland China	Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2021	Net income of investee for six months ended June 30, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for six months ended June 30, 2021	Book value of investments in Mainland China as of June 30, 2021 (Note 5)	Accumulated amount of investment income remitted back to Taiwan as of June 30, 2021	Note
MECL	Microphone, receiver, speaker, security system, induction cooker and other electronic component	$ 410,837	(Note 2)	$ 453,191	$ -	$ -	$ 453,191	($ 347,752)	100.00%	($ 347,752)	$ 2,411,842	$ 2,282,120	Note 3
MECE	Manufacture and sales of microphone, receiver and speaker	2,696,309	(Note 2)	1,369,285	-	-	1,369,285	110,521	49.00%	80,437	3,176,288	295,185	Note 3
MECS	International trade, transit trade and trading consulting; trading amongst companies in bonded area and trading agency in the area	7,151	(Note 2)	6,055	-	-	6,055	(14)	49.00%	(7)	(1,058)	40,321	
Perfect Fortune Inc.	Electric wire, electric cable and other wire processing	41,609	(Note 2, 4)	107,624	-	-	107,624	8,392	18.33%	-	63,925	4,125	
LOYAL WIRE& CABLE COMPANY LTD.	Electric wire, electric cable and other wire processing	119,702	(Note 2, 4)	-	-	-	-	5,129	18.33%	-	30,620	-	
MECH	Manufacture and sales of microphone, receiver, speaker and mobile phone	430,900	(Note 2)	420,687	-	-	420,687	217,574	49.00%	109,905	1,005,522	-	Note 3
FUSZ	Manufacture of medical device	276,566	(Note 2)	310,763	-	-	310,763	(1,295)	97.12%	(1,258)	244,038	-	
MEDG	Research and development of sound equipment, earphones, mobile power supply, charging box, cable, connector, electronic components, plastic hardware, mold and antenna	861,800	(Note 1)	452,564	-	-	452,564	8,910	49.00%	4,366	371,376	-	
MSCS	Manufacture of speaker and amplifier	148,973	(Note 1)	79,728	30,769	-	110,497	12,806	100.00%	8,964	120,739	-	
ETCX	Retail sales of hearing products	19,391	(Note 2)	19,009	-	-	19,009	(7,520)	97.12%	(18,854)	(11,202)	-	

MERRY ELECTRONICS CO., LTD. AND SUBSIDIARIES
Information on investees in Mainland China
Six months ended June 30, 2021

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2021	Amount remitted from Taiwan to Mainland China / Amount remitted back to Taiwan for six months ended June 30, 2021		Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2021	Net income of investee for six months ended June 30, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for six months ended June 30, 2021	Book value of investments in Mainland China as of June 30, 2021 (Note 5)	Accumulated amount of investment income remitted back to Taiwan as of June 30, 2021	Note
					Remitted to Mainland China	Remitted back to Taiwan							
ASCX	Manufacture and sales of hearing aid, hearing device and acoustics equipment	57,142	(Note 2)	275,537	-	-	275,537	2,669	96.63%	2,579	76,632	-	
LACX	Research and development and technical sales of software for hearing aid use	21,545	(Note 2)	22,180	-	-	22,180	313	96.63%	303	41,417	-	
ASCZ	Manufacture of hearing aid and acoustics for rehabilitation device	17,236	(Note 2)	17,744	-	-	17,744	1,234	96.63%	1,192	27,673	-	
FUXM	Sales of medical device	300,049	(Note 2)	302,995	-	-	302,995	(36,848)	97.12%	(35,786)	187,188	-	
							$ 3,868,131						

Note 1: Reinvesting in the investee in Mainland China through the parent company.
Note 2: Through investing in an existing company in the third area, which then invested in the investee in Mainland China.
Note 3: The financial statements that are audited and attested by R.O.C. parent company's CPA.
Note 4: The investee is the reinvestment company of MERRY ELECTRONICS (HK) CO., LTD. shown as non-current financial assets at fair value through other comprehensive income.
Note 5: The amount in the table is translated into New Taiwan dollars at the closing exchange rates prevailing at the balance sheet date.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2021	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission (MOEA) (Note 1)
Merry Electronics Co., Ltd.	$ 3,868,131	$ 3,757,859	$ 6,384,547

Note 1: (2001) Tai-Cai-Zheng (1) Letter No. 006130 of Securities and Futures Commission, Ministry of Finance, R.O.C

MERRY ELECTRONICS CO., LTD. AND SUBSIDIARIES

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

Six months ended June 30, 2021

Table 9

Expressed in thousands of NTD
(Except as otherwise indicated)

		Sales (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/ guarantee or collaterals		Financing				
Investee in Mainland China	Counterparty	Amount	%	Amount	%	Balance on June 30, 2021	%	Balance on June 30, 2021	Purpose	Maximum balance during the six months ended June 30, 2021	Balance on June 30, 2021	Interest rate	Interest during the six months ended June 30, 2021	Others
MECL	MEHO	($ 4,076,761)	26%	-	-	($1,467,373)	21%	-	-	-	-	-	-	-
MECL	MESG	(472,455)	3%	-	-	(232,223)	3%	-	-	-	-	-	-	-
MECE	MEHO	(4,106,845)	26%	-	-	(1,241,822)	18%	-	-	-	-	-	-	-
MECH	MEHO	(1.175,486)	7%	-	-	(350,864)	5%	-	-	-	-	-	-	-
MECH	MESG	(1,261,284)	8%	-	-	(602,881)	9%	-	-	-	-	-	-	-