TXC Corporation and Subsidiaries

Consolidated Financial Statements for the Six Months Ended June 30, 2021 and 2020

TXC CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

	June 30, 2021 (Reviewed)		December 31, 2020 (Audited)		June 30, 2020 (Reviewed)	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	$ 2,857,784	16	$ 2,218,277	14	$ 1,981,131	14
Financial assets at fair value through profit or loss - current (Note 7)	597,431	3	534,489	3	624,335	4
Financial assets at amortized cost - current (Note 9)	229,205	1	210,502	1	269,857	2
Notes receivable (Note 10)	1,942	-	21,959	-	52,568	-
Trade receivables (Note 10)	3,796,716	21	3,473,742	21	2,800,416	19
Trade receivables from related parties (Notes 10 and 29)	40,505	-	30,162	-	15,454	-
Other receivables	64,426	-	44,550	1	77,951	1
Other receivables from related parties (Note 29)	768	-	490	-	677	-
Current tax assets	-	-	8,067	-	16,442	-
Inventories (Note 11)	2,848,936	16	2,816,838	17	2,580,132	18
Non-current assets held for sale (Note 13)	17,946	-	35,892	-	-	-
Other current assets	170,126	1	192,633	1	252,686	2
Total current assets	10,625,785	58	9,587,601	58	8,671,649	60
NON-CURRENT ASSETS						
Financial assets at fair value through profit or loss - non-current (Note 7)	-	-	9,255	-	9,255	-
Financial assets at fair value through other comprehensive income - non-current (Note 8)	813,479	5	525,304	3	303,102	2
Financial assets measured at cost - non-current (Note 9)	133,095	1	704,495	4	204,459	2
Investments accounted for using equity method (Note 14)	424,307	2	421,512	3	474,278	3
Property, plant and equipment (Note 15)	5,165,498	28	4,808,588	29	4,314,937	30
Right-of-use assets (Note 16)	88,513	1	92,303	1	91,265	1
Investment properties (Note 17)	288,784	2	48,083	-	53,169	-
Other intangible assets	43,717	-	41,684	-	33,432	-
Deferred tax assets (Note 24)	34,470	-	39,892	-	36,418	-
Prepayment for equipment	596,375	3	304,784	2	343,432	2
Other non-current assets	15,896	-	18,210	-	20,600	-
Total non-current assets	7,604,134	42	7,014,110	42	5,884,347	40
TOTAL	$ 18,229,919	100	$ 16,601,711	100	$ 14,555,996	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 18)	$ 1,023,494	6	$ 916,250	6	$ 564,725	4
Financial liabilities at fair value through profit or loss - current (Note 7)	844	-	1,455	-	871	-
Contract liabilities - current (Notes 11 and 22)	117,498	1	729,079	4	167,784	1
Trade payables	2,198,212	12	1,947,598	12	1,764,989	12
Trade payables to related parties (Note 29)	2,328	-	3,543	-	230	-
Other payables (Note 19)	2,318,382	13	961,306	6	1,605,387	11
Other payables to related parties (Note 29)	2,759	-	1,480	-	2,783	-
Current tax liabilities (Note 24)	244,784	1	117,054	1	93,597	1
Lease liabilities - current (Note 16)	448	-	1,777	-	3,101	-
Current portion of long-term borrowings (Note 18)	393,254	2	385,287	2	88,981	1
Other current liabilities	83,607	-	28,461	-	25,919	-
Total current liabilities	6,385,610	35	5,093,290	31	4,318,367	30
NON-CURRENT LIABILITIES						
Long-term borrowings (Note 18)	1,415,217	8	1,685,524	10	1,612,547	11
Deferred tax liabilities (Note 24)	69,763	1	67,032	1	101,496	1
Lease liabilities - non-current (Note 16)	947	-	1,172	-	1,395	-
Net defined benefit liabilities - non-current (Note 20)	57,706	-	63,560	-	68,526	-
Guarantee deposits received	68,484	-	36,127	-	34,555	-
Total non-current liabilities	1,612,117	9	1,853,415	11	1,818,519	12
Total liabilities	7,997,727	44	6,946,705	42	6,136,886	42
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 21)						
Share capital						
Ordinary shares	3,097,570	17	3,097,570	19	3,097,570	21
Capital surplus	1,668,353	9	1,668,269	10	1,667,908	12
Retained earnings						
Legal reserve	1,635,942	9	1,480,696	9	1,480,696	10
Special reserve	346,761	2	524,372	3	524,372	3
Unappropriated earnings	3,628,254	20	3,230,861	19	2,427,028	17
Total retained earnings	5,610,957	31	5,235,929	31	4,432,096	30
Other equity						
Exchange differences on translating the financial statements of foreign operations	(607,980)	(3)	(523,275)	(3)	(750,604)	(5)
Unrealized gain on financial assets at fair value through other comprehensive income	463,292	2	176,513	1	(27,860)	-
Total other equity	(144,688)	(1)	(346,762)	(2)	(778,464)	(5)
Total equity	10,232,192	56	9,655,006	58	8,419,110	58
TOTAL	$ 18,229,919	100	$ 16,601,711	100	$ 14,555,996	100

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

(With Deloitte & Touche review report dated August 12, 2021)

TXC CORPORATION AND SUBSIDIARIES

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2021		2020		2021		2020	
	Amount	%	Amount	%	Amount	%	Amount	%
SALES (Note 22)	$ 4,341,126	100	$ 2,523,956	100	$ 7,651,835	100	$ 4,675,138	100
COST OF GOODS SOLD (Notes 11 and 23)	(2,755,045)	(63)	(1,768,971)	(70)	(4,868,947)	(64)	(3,279,462)	(70)
GROSS PROFIT	1,586,081	37	754,985	30	2,782,888	36	1,395,676	30
OPERATING EXPENSES (Note 23)								
Selling and marketing expenses	146,011	3	114,353	5	282,686	3	220,727	5
General and administrative expenses	165,921	4	100,084	4	294,860	4	188,656	4
Research and development expenses	234,336	6	183,970	7	454,509	6	353,603	8
Expected credit loss recognized on trade receivables	2	-	-	-	2	-	-	-
Total operating expenses	546,270	13	398,407	16	1,032,057	13	762,986	17
PROFIT FROM OPERATIONS	1,039,811	24	356,578	14	1,750,831	23	632,690	13
NON-OPERATING INCOME AND EXPENSES								
Interest income (Note 23)	5,074	-	5,793	1	12,656	-	12,865	-
Other income (Note 23)	30,817	1	19,057	1	48,775	1	37,992	1
Other gains and losses (Note 23)	5,530	-	5,178	-	26,048	-	12,547	-
Finance costs (Note 23)	(9,831)	-	(4,122)	-	(14,873)	-	(9,327)	-
Share of profit of associates and joint ventures (Note 14)	2,956	-	29,686	1	4,462	-	23,386	1
Total non-operating income and expenses	34,546	1	55,592	3	77,068	1	77,463	2
PROFIT BEFORE INCOME TAX	1,074,357	25	412,170	17	1,827,899	24	710,153	15
INCOME TAX EXPENSE (Note 24)	(154,051)	(4)	(43,052)	(2)	(275,743)	(4)	(84,177)	(1)
NET PROFIT FOR THE PERIOD	920,306	21	369,118	15	1,552,156	20	625,976	14

(Continued)

TXC CORPORATION AND SUBSIDIARIES

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2021		2020		2021		2020	
	Amount	%	Amount	%	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	$ 52,438	1	$ -	-	$ 286,779	4	$ 34,478	1
Share of the other comprehensive income (loss) of associates and joint ventures accounted for using the equity method	(51)	-	39	-	(51)	-	67	-
	52,387	1	39	-	286,728	4	34,545	1
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating the financial statements of foreign operations	(42,902)	(1)	(134,339)	(6)	(82,011)	(1)	(166,079)	(4)
Share of the other comprehensive income (loss) of associates and joint ventures accounted for using the equity method	(1,368)	-	(2,470)	-	(2,694)	-	92	-
	(44,270)	(1)	(136,809)	(6)	(84,705)	(1)	(165,987)	(4)
Other comprehensive income (loss) for the period, net of income tax	8,117	-	(136,770)	(6)	202,023	3	(131,442)	(3)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	$ 928,423	21	$ 232,348	9	$ 1,754,179	23	$ 494,534	11
EARNINGS PER SHARE (Note 25)								
From continuing operations								
Basic	$2.97		$1.19		$5.01		$2.02	
Diluted	$2.96		$1.19		$4.98		$2.01	

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

(With Deloitte & Touche review report dated August 12, 2021) (Concluded)

TXC CORPORATION AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Company								
				Retained Earnings			Other Equity		
	Shares (In Thousands)	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total Equity
BALANCE AT JANUARY 1, 2020	309,757	$ 3,097,570	$ 1,666,690	$ 1,413,518	$ 254,907	$ 2,789,438	$ (584,617)	$ 60,245	$ 8,697,751
Appropriation of 2019 earnings (Note 21)									
Legal reserve	-	-	-	67,178	-	(67,178)	-	-	-
Special reserve	-	-	-	-	269,465	(269,465)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(774,393)	-	-	(774,393)
Net profit for the six months ended June 30, 2020	-	-	-	-	-	625,976	-	-	625,976
Other comprehensive income (loss) for the six months ended June 30, 2020, net of income tax	-	-	-	-	-	(62)	(165,987)	34,607	(131,442)
Total comprehensive income (loss) for the six months ended June 30, 2020	-	-	-	-	-	625,914	(165,987)	34,607	494,534
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	122,086	-	(122,086)	-
Surplus donated	-	-	(1)	-	-	-	-	-	(1)
Changes in capital surplus from investment in associates and joint ventures accounted for using the equity method	-	-	1,219	-	-	626	-	(626)	1,219
BALANCE AT JUNE 30, 2020	309,757	$ 3,097,570	$ 1,667,908	$ 1,480,696	$ 524,372	$ 2,427,028	$ (750,604)	$ (27,860)	$ 8,419,110
BALANCE AT JANUARY 1, 2021	309,757	$ 3,097,570	$ 1,668,269	$ 1,480,696	$ 524,372	$ 3,230,861	$ (523,275)	$ 176,513	$ 9,655,006
Appropriation of 2020 earnings (Note 21)									
Legal reserve	-	-	-	155,246	-	(155,246)	-	-	-
Special reserve	-	-	-	-	(177,611)	177,611	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(1,177,077)	-	-	(1,177,077)
Net profit for the six months ended June 30, 2021	-	-	-	-	-	1,552,156	-	-	1,552,156
Other comprehensive income (loss) for the six months ended June 30, 2021, net of income tax	-	-	-	-	-	(51)	(84,705)	286,779	202,023
Total comprehensive income (loss) for the six months ended June 30, 2021	-	-	-	-	-	1,552,105	(84,705)	286,779	1,754,179
Other changes in capital surplus	-	-	84	-	-	-	-	-	84
BALANCE AT JUNE 30, 2021	309,757	$ 3,097,570	$ 1,668,353	$ 1,635,942	$ 346,761	$ 3,628,254	$ (607,980)	$ 463,292	$ 10,232,192

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

(With Deloitte & Touche review report dated August 12, 2021)

TXC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	For the Six Months Ended June 30	
	2021	**2020**
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 1,827,899	$ 710,153
Adjustments for:		
Depreciation expenses	506,165	396,426
Amortization expenses	4,591	3,420
Expected credit loss recognized on trade receivables	2	-
Net gain on fair value changes of financial assets and liabilities at fair value through profit or loss	(10,369)	(11,306)
Finance costs	14,873	9,327
Interest income	(12,656)	(12,865)
Share of profit of associates and joint ventures	(4,462)	(23,386)
Gain on disposal of property, plant and equipment	(1,221)	(2,299)
Impairment losses recognized on property, plant and equipment	5,750	3,161
Gain on disposal of subsidiaries	-	(27,921)
Changes in operating assets and liabilities		
Notes receivable	20,017	54,574
Trade receivables	(323,017)	(22,345)
Trade receivables from related parties	(10,344)	(11,416)
Other receivables	(19,866)	(37,426)
Other receivables from related parties	(278)	(598)
Inventories	(277,164)	(540,844)
Other current assets	21,541	(84,177)
Contract liabilities	(611,581)	99,760
Trade payables	250,614	105,903
Trade payables to related parties	(1,215)	152
Other payables	179,096	106,751
Other payables to related parties	1,279	(67)
Other current liabilities	56,830	12,639
Net defined benefit liabilities	(5,854)	(5,505)
Cash generated from operations	1,610,630	722,111
Interest paid	(15,654)	(9,733)
Income tax paid	(131,446)	(93,979)
Net cash generated from operating activities	1,463,530	618,399
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets/liabilities at fair value through profit or loss	(134,277)	(35,058)
Proceeds from sale of financial assets at fair value through profit or loss	82,734	160,807

(Continued)

TXC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	For the Six Months Ended June 30	
	2021	**2020**
Purchase of financial assets at fair value through other comprehensive income	$ (5,359)	$ -
Proceeds from sale of financial assets at fair value through other comprehensive income	-	160,211
Purchase of financial assets at amortized cost	(93,772)	(322,737)
Proceeds from sale of financial assets at amortized cost	641,491	-
Acquisition of investments accounted for using equity method	(1,658)	(3,539)
Proceeds from disposal of non-current assets held for sale	17,946	-
Payments for property, plant and equipment	(1,023,934)	(732,187)
Proceeds from disposal of property, plant and equipment	123,621	20,197
Payments for intangible assets	(3,713)	(9,608)
Payments for investment properties	-	(312)
Decrease (increase) in other non-current assets	2,314	(4,327)
Increase in prepayments for equipment	(291,591)	(173,962)
Interest received	12,646	12,927
Net cash used in investing activities	(673,552)	(927,588)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	108,531	102,464
Proceeds from long-term borrowings	100,000	266,103
Repayments of long-term borrowings	(357,420)	-
Proceeds from guarantee deposits received	32,357	-
Refund of guarantee deposits received	-	(1,930)
Repayment of the principal portion of lease liabilities	(1,554)	(1,562)
Other changes in capital surplus	84	(1)
Net cash (used in) generated from financing activities	(118,002)	365,074
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(32,469)	(60,989)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	639,507	(5,104)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	2,218,277	1,986,235
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$ 2,857,784	$ 1,981,131

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

(With Deloitte & Touche review report dated August 12, 2021) (Concluded)

TXC CORPORATION AND SUBSIDIARIES

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

1. GENERAL INFORMATION

TXC Corporation (the "Company") was incorporated in the Republic of China (ROC) on December 28, 1983.

TXC specializes in producing high quality crystals and crystal oscillator (CXO) as well as develops a variety of sensors by core technology to satisfy the market demand. Sensors are applied to various applications including mobile communication, information and storage device, internet of things, vehicle electronics, telecommunication equipment, smart home, AI, medical care, and 5G, etc.

TXC's shares have been listed on the Taiwan Stock Exchange since August 26, 2002.

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

To ensure the rights and interests of investors through full disclosure of operational governance, the Company applied for the Corporate Governance Assessment held by the Taiwan Corporate Governance Association (TCGA). The Company received "CG6005 Standard Corporate Governance Assessment Certification" and the "CG6008 Advanced Corporate Governance Assessment Certification" on March 23, 2011, and June 27, 2013, respectively. For the "Corporate Governance Evaluation" jointly held by the Taiwan Stock Exchange Corporation (TWSE) and Taipei Exchange, under the category of listed companies, the company was awarded as the top 20 percent in 2014, top 5 percent from 2015 to 2017, and top 6 to 20 percent in 2018 and 2019. The Company will continue to strengthen corporate governance with the intention to achieve international standards for protection of public interest.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors on August 12, 2021.

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

a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

   The initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group's accounting policies.

b. New IFRSs endorsed by the FSC in 2022

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

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

Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

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

1) Annual Improvements to IFRS Standards 2018-2020

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

2) Amendments to IFRS 3 "Reference to the Conceptual Framework"

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

3) Amendments to IAS 16 "Property, Plant and Equipment: Proceeds before Intended Use"

The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of those items is measured in accordance with IAS 2 "Inventories". Any proceeds from selling those items and the cost of those items are recognized in profit or loss in accordance with applicable standards.

The amendments are applicable only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021. The Group will restate its comparative information when it initially applies the aforementioned amendments.

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 2)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 3)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 4)

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

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

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

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

1) Amendments to IAS 1 "Disclosure of Accounting Policies"

The amendments specify that the Group should refer to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments also clarify that:

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;
- The Group may consider the accounting policy information as material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and
- Not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments also illustrate that accounting policy information is likely to be considered as material to the financial statements if that information relates to material transactions, other events or conditions and:

a) The Group changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;

b) The Group chose the accounting policy from options permitted by the standards;

c) The accounting policy was developed in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" in the absence of an IFRS that specifically applies;

d) The accounting policy relates to an area for which the Group is required to make significant judgements or assumptions in applying an accounting policy, and the Group discloses those judgements or assumptions; or

e) The accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

2) Amendments to IAS 8 "Definition of Accounting Estimates"

The amendments define that accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. In applying accounting policies, the Group may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Group uses measurement techniques and inputs to develop accounting estimates to achieve the objective. The effects on an accounting estimate of a change in a measurement technique or a change in an input are changes in accounting estimates unless they result from the correction of prior period errors.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value.

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

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

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

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

c. Basis of consolidation

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

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

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

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

Changes in the Group’s ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions.

d. Other significant accounting policies

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2020.

1) Retirement benefits

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

2) Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as the accounting required for defined benefit plans except that remeasurement is recognized in profit or loss.

3) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period’s pre-tax income the tax rate that would be applicable to expected total annual earnings.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group’s accounting policies, management is required to make judgments, estimations, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Group considers the recent development of the COVID-19 in Taiwan and its economic environment implications when making its critical accounting estimates in cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

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

6. CASH AND CASH EQUIVALENTS

	June 30, 2021	December 31, 2020	June 30, 2020
Cash on hand	$ 1,413	$ 1,256	$ 1,252
Checking accounts and demand deposits	2,292,943	1,928,922	1,854,191
Cash equivalents (investments with original maturities of less than three months)			
Time deposits	443,428	288,099	125,688
Repurchase agreements collateralized by bonds	120,000	-	-
	$ 2,857,784	$ 2,218,277	$ 1,981,131

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	June 30, 2021	December 31, 2020	June 30, 2020
Financial assets at FVTPL - current			
Financial assets mandatorily classified as at FVTPL			
Derivative financial instruments (not under hedge accounting)			
Foreign exchange forward contracts and exchange contracts (b)	$ 474	$ 10,459	$ 309
Non-derivative financial assets			
Mutual funds	191,334	259,333	416,785
Hybrid financial assets			
Structured deposits (a)	405,623	264,697	207,241
	596,957	524,030	624,026
	$ 597,431	$ 534,489	$ 624,335
Financial assets at FVTPL - non-current			
Financial assets mandatorily classified as at FVTPL			
Non-derivative financial assets			
Foreign unlisted shares	$ -	$ 9,255	$ 9,255

(Continued)

	June 30, 2021	December 31, 2020	June 30, 2020
Financial liabilities at FVTPL - current			
Financial liabilities mandatorily classified as at FVTPL			
Derivative financial instruments (not under hedge accounting)			
Foreign exchange forward contracts and exchange contracts (b)	$ 844	$ 1,455	$ 871

(Concluded)

a. The Group entered into structured time deposit contract with Bank during the six months ended June 30, 2021 and 2020. The structured time deposit contract includes an embedded derivative instrument which is not closely related to the host contract. The entire contract was assessed and mandatorily classified as at FVTPL since it contained a host that is an asset within the scope of IFRS 9.

b. At the end of the reporting period, foreign exchange contracts and exchange contracts not under hedge accounting were as follows:

	Currency	Maturity Date	Contract Amount (In Thousands)
June 30, 2021			
Knock-out forward	USD/JPY	2021.07.06	USD1,500/JPY166,350
Exchange contracts	USD/NTD	2021.07.23-2021.08.27	USD9,000/NTD250,877
Foreign exchange forward contracts	USD/NTD	2021.08.20-2021.09.17	USD12,000/NTD339,300
Sell	USD/RMB	2021.07.05-2021.10.22	USD9,000/RMB58,477
Sell	USD/RMB	2021.07.28-2021.11.26	USD11,500/RMB75,012
Sell	USD/JPY	2021.07.08-2021.07.19	USD2,000/JPY220,473
December 31, 2020			
Sell	USD/RMB	2021.01.27-2021.06.28	USD15,500/RMB104,369
Knock-out forward	USD/JPY	2021.01.04-2021.01.11	USD2,000/JPY 210,500
Exchange contracts	USD/NTD	2021.01.05-2021.02.17	USD4,000/NTD114,778
Foreign exchange forward contracts	USD/NTD	2021.01.29	USD4,000/JPY 115,560
June 30, 2020			
Sell	USD/JPY	2020.07.06-2020.07.13	USD3,000/JPY 326,600
Exchange contracts	USD/NTD	2020.07.06-2020.08.31	USD9,900/NTD294,944
Foreign exchange forward contracts	USD/NTD	2020.07.20-2020.07.27	USD5,800/NTD174,725
Sell	USD/RMB	2020.07.28-2020.09.28	USD7,500/RMB53,287
Sell	USD/JPY	2020.07.06-2020.07.13	USD1,000/JPY108,855

The Group entered into foreign exchange forward contracts during the six months ended June 30, 2021 and 2020 to manage exposures due to exchange rate fluctuations of foreign currency denominated assets and liabilities. However, those contracts did not meet the criteria of hedge effectiveness and therefore were not accounted for using hedge accounting.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	June 30, 2021	December 31, 2020	June 30, 2020
Non-current			
Investments in equity instruments at FVTOCI	$ 813,479	$ 525,304	$ 303,102

Investments in Equity Instruments at FVTOCI

	June 30, 2021	December 31, 2020	June 30, 2020
Non-current			
Domestic investments			
Emerging market shares			
UPI Semiconductor Corp.	$ 400,224	$ -	$ -
Unlisted shares and emerging market shares			
Win Precision Technology Co., Ltd.	89,323	89,323	18,388
Marson Technology Company Limited.	-	-	4,773
UPI Semiconductor Corp.	-	113,446	45,202
Godsmith Sensor Inc.	10,967	10,967	-
Clear Signal Technology Corporation	5,359	-	-
	505,873	213,736	68,363
Foreign investments			
Unlisted shares			
Zhejiang Bright Semiconductor Technology Company Limited	233,128	236,095	205,860
Ningbo SJ Electronics Co., Ltd.	69,743	70,630	25,138
Investment QST LLC	4,735	4,843	3,741
	307,606	311,568	234,739
	$ 813,479	$ 525,304	$ 303,102

These investments in equity instruments are held for medium- to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

On March 12, 2021, UPI Semiconductor Corp.'s shares were listed on the Taipei Exchange. The transfer of fair value measurement level referred to Note 28.

In the six months ended June 30, 2020, the Group sold its shares in Guandong Failong Crystal Technology Co., Ltd. in order to manage credit concentration risk. The shares sold had a fair value of $160,211 thousand and its related unrealized gain of $122,086 thousand was transferred from other equity to retained earnings.

9. FINANCIAL ASSETS AT AMORTIZED COST

	June 30, 2021	December 31, 2020	June 30, 2020
Current			
Domestic investments			
Pledge deposits (a)	$ 61,007	$ 59,504	$ 76,071
Time deposits with original maturity of more than three months (b)	70,323	87,340	193,786
Restricted deposits (c and d)	97,875	63,658	-
	$ 229,205	$ 210,502	$ 269,857
Non-current			
Domestic investment			
Time deposits with original maturities of more than one year (b)	$ 133,095	$ 290,224	$ 204,459
Restricted deposits (d)	-	414,271	-
	$ 133,095	$ 704,495	$ 204,459

a. Refer to Note 30 for information relating to investments in financial assets at amortized cost pledged as security.

b. The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 3.91%-4.38%, 0.3%-2.6% and 1.40%-4.38% per annum as of June 30, 2021, December 31, 2020 and June 30, 2020, respectively.

c. Restricted deposits are deposits for Chongqing Zhongyang's presold items of the construction in progress, which should not be used for other purposes before acquiring the real estate registration certificate. The deposits restriction was lifted in May 2021.

d. According to "Regulations Governing the Management, Utilization, and Taxation of Repatriated Offshore Funds", the Group had submitted an investment proposal and was approved by National Bureau, Ministry of Finance. Based on the regulation, the deposits are restricted only to approved investment project, and should not be used for other purposes.

10. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	June 30, 2021	December 31, 2020	June 30, 2020
Notes receivable			
Notes receivable - operating	$ 1,948	$ 21,965	$ 52,574
Less: Allowance for impairment loss	(6)	(6)	(6)
	$ 1,942	$ 21,959	$ 52,568

(Continued)

	June 30, 2021	December 31, 2020	June 30, 2020
Trade receivables			
At amortized cost			
Gross carrying amount	$ 3,850,680	$ 3,517,404	$ 2,829,195
Less: Allowance for impairment loss	(13,459)	(13,500)	(13,325)
	$ 3,837,221	$ 3,503,904	$ 2,815,870

(Concluded)

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

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, as well as the GDP forecasts and industry outlook. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

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

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

June 30, 2021

	Not Past Due	1 to 90 Days	91 to 150 Days	151 to 180 Days	Over 180 Days	Total
Gross carrying amount	$ 3,630,345	$ 222,050	$ 200	$ -	$ 33	$ 3,852,628
Loss allowance (Lifetime ECL)	(11,424)	(1,998)	(10)	-	(33)	(13,465)
Amortized cost	$ 3,618,921	$ 220,052	$ 190	$ -	$ -	$ 3,839,163

December 31, 2020

	Not Past Due	1 to 90 Days	91 to 150 Days	151 to 180 Days	Over 180 Days	Total
Gross carrying amount	$ 3,381,505	$ 157,864	$ -	$ -	$ -	$ 3.539.369
Loss allowance (Lifetime ECL)	(12,085)	(1,421)	-	-	-	(13,506)
Amortized cost	$ 3,369,420	$ 156,443	$ -	$ -	$ -	$ 3,525,863

June 30, 2020

	Not Past Due	1 to 90 Days	91 to 150 Days	151 to 180 Days	Over 180 Days	Total
Gross carrying amount	$ 2,706,242	$ 174,661	$ 866	$ -	$ -	$ 2,881,769
Loss allowance (Lifetime ECL)	(11,717)	(1,571)	(43)	-	-	(13,331)
Amortized cost	$ 2,694,525	$ 173,090	$ 823	$ -	$ -	$ 2,868,438

The expected credit loss rate for each above range of the Group is not more than 1% within and within 90 days of the overdue period; 5% or less within the overdue period from 91 to 180 days; and 5%-100% when the overdue period exceeds 180 days.

The movements of the loss allowance of trade receivables were as follows:

	June 30	
	2021	2020
Balance at January 1	$ 13,506	$ 13,415
Add: Impairment losses recognized	2	-
Foreign exchange gains and losses	(43)	(84)
Balance at June 30	$ 13,465	$ 13,331

11. INVENTORIES

	June 30, 2021	December 31, 2020	June 30, 2020
Finished goods	$ 419,419	$ 315,454	$ 403,722
Work in process	396,849	378,840	345,474
Raw materials	576,129	543,953	483,091
Supplies and spare parts	124,366	102,011	100,353
Merchandise	532,576	295,025	314,799
Land for development construction in progress	651,375	1,181,555	932,693
Buildings and land held for sale	148,222	-	-
	$ 2,848,936	$ 2,816,838	$ 2,580,132

The cost of crystal inventories recognized as cost of goods sold for the three and the six months ended June 30, 2021 and 2020 included $2,216,534 thousand, $1,768,971 thousand, $4,330,436 thousand and $3,279,462 thousand, respectively.

The cost of real estate inventories recognized as cost of goods sold for the three and the six months ended June 30, 2021 included $538,511 thousand and $538,511 thousand, respectively.

The construction in progress is the payment made by Chongqing Zhongyang Properties Co., Ltd. to acquire the land use right in Chongqing Gao-Shing District to develop and sell real estate in 2012. Chongqing Zhongyang Properties Co., Ltd. has acquired real estate certificate issued by Chongqing Association of land and real estate resources during 2013. The construction began in 2018 and continued to recognize revenue after completion in April 2021.

The details of the land for development site are as follows:

	June 30, 2021			
Area	**Prepaid Land Rights**	**Project Cost**	**Total**	**Contract Liabilities - Current**
Jinfeng Group C Division	$ 194,957	$ 456,418	$ 651,375	$ -

	December 31, 2020			
Area	**Prepaid Land Rights**	**Project Cost**	**Total**	**Contract Liabilities - Current**
Jinfeng Group C Division	$ 197,438	$ 984,117	$ 1,181,555	$ 729,079

	June 30, 2020			
Area	**Prepaid Land Rights**	**Project Cost**	**Total**	**Contract Liabilities - Current**
Jinfeng Group C Division	$ 189,326	$ 743,367	$ 932,693	$ 167,784

The details of the building and land held for sale are as follows:

	June 30, 2021	
Area	**Buildings and Land Held for Sale**	**Contract Liabilities - Current**
Jing Yuan	$ 148,222	$ 117,498

The information about transferring from inventories to investment properties are set out in Note 17.

The information about capitalisation of interest are set out in Note 23.

Land for development construction in progress pledged as collateral for bank borrowings are set out in Note 30.

12. SUBSIDIARIES

Subsidiaries Included in the Consolidated Financial Statements

The detail information of the subsidiaries at the end of reporting period was as follows:

			Proportion of Ownership			
Investor	**Investee**	**Nature of Activities**	**June 30, 2021**	**December 31, 2020**	**June 30, 2020**	**Remark**
TXC Corporation	Taiwan Crystal Technology International Limited	Investment management	100	100	100	a and m
	TXC Technology, Inc.	Marketing activities	100	100	100	b and m
	TXC Japan Corporation	Marketing activities	100	100	100	c and m
	Taiwan Crystal Technology (HK) Limited	International trading	100	100	100	e and m
	TXC Europe GmbH	Marketing activities	100	100	100	j and m

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership June 30, 2021	December 31, 2020	June 30, 2020	Remark
Taiwan Crystal Technology International Limited	TXC (Ningbo) Corporation	Research and development, manufacture, and sale of quartz elements and related electronic products	100	100	100	d and m
TXC (Ningbo) Corporation	TXC (Chongqing) Corporation	Research and development, manufacture, and sale of quartz elements and related electronic products	100	100	100	f and m
	Chongqing Zhongyang Properties Co., Ltd.	Properties development	100	100	100	g and m
	Ningbo Beilun Jingyu Trading Corporation	International trading	100	100	100	h and m
	Ningbo Meishan Free Trade Port Area Ding Kai Investment Management Company Limited	Investment management	100	100	100	i and m
	TETC CORP. NINGBO	Research and development, manufacture, and sale of quartz elements and related electronic products	100	100	-	l and m
Chongqing Zhongyang Properties Co., Ltd.	ChongQing Dingsen Commercial Management Co., Ltd	Property management	100	100	-	k and m

(Concluded)

a. Taiwan Crystal Technology International Limited was incorporated on December 23, 1998 in Samoa.

b. TXC Technology, Inc. was incorporated on December 1, 2000 in California, U.S.A.

c. TXC Japan Corporation was incorporated on September 13, 2005 in Yokohama, Japan.

d. TXC (Ningbo) Corporation was incorporated on March 12, 1999 in Ningbo, China.

e. Taiwan Crystal Technology (HK) Limited was incorporated on July 6, 2010 in Hong Kong Special Administrative Region, China.

f. TXC (Chongqing) Corporation was incorporated on October 11, 2010 in Chongqing, China.

g. Chongqing Zhongyang Properties Co., Ltd. was incorporated on February 14, 2011 in Chongqing, China.

h. Ningbo Beilun Jingyu Trading Corporation was incorporated on September 7, 2011 in Ningbo, China.

i. Ningbo Meishan Free Trade Port Area Ding Kai Investment Management Company Limited was incorporated on May 12, 2017 in Beilun District, Ningbo, China.

j. TXC Europe GmbH was founded in Germany on August 17, 2018.

k. ChongQing Dingsen Commercial Management Co., Ltd. was incorporated on December 30, 2020 in Chongqing, China.

l. TETC CORP. NINGBO was incorporated on December 30, 2020 in Ningbo, China.

m. Except for the financial statements for the six months ended June 30, 2021 of Taiwan Crystal Technology International Limited, TXC (Ningbo) Corporation, TXC (Chongqing) Corporation, and Chongqing Zhongyang Properties Co., Ltd., all company are immaterial subsidiaries, their financial statements have not been reviewed.

13. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

	June 30, 2021	December 31 2020	June 30, 2020
Domestic investments			
Unlisted shares			
Godsmith Sensor Inc.	$ 17,946	$ 35,892	$ -

In November 2020, the Company's board of directors approved to dispose of 1,800 thousand shares of the ordinary shares of Godsmith Sensor Inc. held with the expectation to complete the sale within twelve months. Accordingly, the Company has reclassified Godsmith Sensor Inc. as non-current assets held for sale, and were presented separately in the accompanying balance sheets.

The expected sales proceeds substantially lower than the carrying amount of investments accounted for using equity method. Accordingly, the non-current assets held for sale were measured at their fair value $36,000 thousand less costs to sell $108 thousand when reclassified investments accounted for using equity method as non-current assets held for sale. And the differences from the previous carrying amounts were recognized as loss on disposal of investments, which are presented in other gains and losses.

As of June 30, 2021, the Group had sold 900 thousand shares in Godsmith Sensor Inc. at fair value of $17,946 thousand.

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	June 30, 2021	December 31, 2020	June 30, 2020
Investments in associates and joint venture	$ 424,307	$ 421,512	$ 474,278

a. Investment in associates

	June 30, 2021	December 31, 2020	June 30, 2020
Associates that are not individually material	$ 379,707	$ 373,626	$ 424,697

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
The Group's share of:				
Profit from continuing operations	$ 4,231	$ 25,420	$ 7,168	$ 27,936
Other comprehensive income (loss)	(1,419)	(2,431)	(2,745)	159
Total comprehensive income for the period	$ 2,812	$ 22,989	$ 4,423	$ 28,095

Refer to Table 6 "name, locations, and related information of investees on which the Company exercises significant influence" for the nature of activities, principal place of business and country of incorporation of the associates.

In 2021 and 2020, the Group subscribed 43 thousand and 97 thousand ordinary shares of Tai-Shing for cash which amount to $1,658 thousand and $3,539 thousand, respectively; after the subscription, the Group's percentage of ownership in Tai-Shing was 32.11% and 31.35%, respectively. The Group recognized goodwill of $587 thousand and $1,095 thousand as cost of investments in associates.

In 2019, the Group held a 31% interest in Godsmith Sensor Inc. which was accounted for using the equity method. In November 2020, the Group's board of directors approved to dispose of 24% of the Group's interest in Godsmith Sensor Inc. and consequently ceased to have significant influence over Godsmith Sensor Inc. The Group retained the remaining 7% interest as financial assets at FVTOCI whose fair value was $10,967 thousand. This transaction resulted in the recognition of a loss in profit or loss, calculated as follows:

Carrying amount of investment on the date of loss of significant influence	$ 54,033
Less: Transfer to non-current assets held for sale	(35,892)
Less: Transfer to financial assets at FVTOCI	(10,967)
Less: Reversals - share of changes in capital surplus of associates	(1,068)
Loss recognized	$ 6,106

b. Investment joint venture

	June 30, 2021	December 31, 2020	June 30, 2020
Joint ventures that are not individually material	$ 44,600	$ 47,886	$ 49,581

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
The Group's share of:				
Profit from continuing operations	$ (1,275)	$ 2,514	$ (2,706)	$ (4,550)
Total comprehensive income for the period	$ (1,275)	$ 2,514	$ (2,706)	$ (4,550)

Refer to Table 6 "name, locations, and related information of investees on which the Company exercises significant influence" and Table 7 "information on investment in mainland China" for the nature of activities, principal place of business and country of incorporation of the joint venture.

Except for investments of Godsmith Sensor Inc. and Ningbo Longying Semiconductor Co., Ltd., which were accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments were calculated based on financial statements which have been reviewed. Management believes there is no material impact on the equity method of accounting or the calculation of the share of profit or loss and other comprehensive income from the financial statements of Godsmith Sensor Inc. and Ningbo Longying Semiconductor Co., Ltd. which have not been reviewed.

15. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Land Improvements	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Property under Construction	Total
Cost								
Balance at January 1, 2020	$ 591,972	$ 1,599	$ 2,520,068	$ 7,446,580	$ 15,268	$ 371,500	$ 32,196	$ 10,979,183
Additions	-	-	10,689	682,355	1,224	35,802	2,117	732,187
Disposals	-	-	(3,250)	(198,993)	(414)	(3,500)	-	(206,157)
Transfer to investment properties	-	-	(2,014)	-	-	-	-	(2,014)
Reclassification	-	-	31,922	77,392	1,040	(78,432)	(31,922)	-
Effect of foreign currency exchange differences	-	-	(25,089)	(117,241)	(376)	(5,906)	(310)	(148,922)
Balance at June 30, 2020	$ 591,972	$ 1,599	$ 2,532,326	$ 7,890,093	$ 16,742	$ 319,464	$ 2,081	$ 11,354,277
Accumulated depreciation and impairment								
Balance at January 1, 2020	$ -	$ 656	$ 1,218,237	$ 5,482,275	$ 11,887	$ 211,979	$ -	$ 6,925,034
Disposals	-	-	(3,250)	(181,258)	(414)	(3,337)	-	(188,259)
Depreciation expenses	-	122	65,720	309,999	915	14,923	-	391,679
Impairment losses reversed	-	-	-	3,161	-	-	-	3,161
Transfer to investment property	-	-	(937)	-	-	-	-	(937)
Effect of foreign currency exchange differences	-	-	(10,500)	(77,332)	(283)	(3,223)	-	(91,338)
Balance at June 30, 2020	$ -	$ 778	$ 1,269,270	$ 5,536,845	$ 12,105	$ 220,342	$ -	$ 7,039,340
Carrying value at December 31, 2020 and January 1, 2021	$ 591,972	$ 821	$ 1,263,056	$ 2,353,248	$ 4,637	$ 99,122	$ 2,081	$ 4,314,937
Carrying value at June 30, 2020	$ 593,855	$ 699	$ 1,261,910	$ 2,818,258	$ 6,734	$ 124,692	$ 2,440	$ 4,808,588
Cost								
Balance at January 1, 2021	$ 593,855	$ 1,599	$ 2,607,379	$ 8,734,385	$ 20,583	$ 362,059	$ 2,440	$ 12,322,300
Additions	28,000	680	120,366	813,212	850	56,850	3,976	1,023,934
Disposals	-	-	(659)	(389,163)	(753)	(16,595)	-	(407,150)
Reclassified as intangible assets	-	-	-	-	-	-	(2,429)	(2,429)
Transfer to inventories	-	-	-	-	-	(57)	-	(57)
Effect of foreign currency exchange differences	-	-	(13,855)	(67,091)	(240)	(3,970)	(43)	(85,199)
Balance at June 30, 2021	$ 621,855	$ 2,279	$ 2,713,231	$ 9,091,343	$ 20,460	$ 398,287	$ 3,944	$ 12,851,399
Accumulated depreciation and impairment								
Balance at January 1, 2021	$ -	$ 900	$ 1,345,469	$ 5,916,127	$ 13,849	$ 237,367	$ -	$ 7,513,712
Disposals	-	-	(659)	(270,821)	(733)	(12,537)	-	(284,750)
Depreciation expenses	-	139	69,400	413,125	1,231	17,441	-	501,336
Impairment losses	-	-	-	5,750	-	-	-	5,750
Transfer to inventories	-	-	-	-	-	(29)	-	(29)
Effect of foreign currency exchange differences	-	-	(6,043)	(41,513)	(164)	(2,398)	-	(50,118)
Balance at June 30, 2021	$ -	$ 1,039	$ 1,408,167	$ 6,022,668	$ 14,183	$ 239,844	$ -	$ 7,685,901
Carrying value at June 30, 2021	$ 621,855	$ 1,240	$ 1,305,064	$ 3,068,675	$ 6,277	$ 158,443	$ 3,944	$ 5,165,498

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Land improvements	5-7 years
Buildings	
Industrial building	3-51 years
Electrical power systems	3-51 years
Engineering systems	3-51 years
Equipment	
Major production equipments	3-15 years
Temperature control systems	4-7 years
Transportation equipments	4-7 years
Transportation equipments	4-5 years
Office equipment	3-5 years

Property, plant and equipment pledged as collateral for bank borrowings is set out in Note 30.

16. LEASE ARRANGEMENTS

a. Right-of-use assets

	June 30, 2021	December 31, 2020	June 30, 2020
Carrying amounts			
Land use right	$ 87,129	$ 89,372	$ 86,788
Buildings	-	1,323	2,644
Transportation equipment	1,384	1,608	1,833
	$ 88,513	$ 92,303	$ 91,265

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Depreciation charge for right-of-use assets				
Land use right	$ 560	$ 545	$ 1,129	$ 1,106
Buildings	662	661	1,323	1,322
Transportation equipment	112	113	224	225
	$ 1,334	$ 1,319	$ 2,676	$ 2,653

Right-of-use assets pledged as collateral for bank borrowings are set out in Note 30.

b. Lease liabilities

	June 30, 2021	December 31, 2020	June 30, 2020
Carrying amounts			
Current	$ 448	$ 1,777	$ 3,101
Non-current	947	1,172	1,395
	$ 1,395	$ 2,949	$ 4,496

Range of discount rate for lease liabilities was as follows:

	June 30, 2021	December 31, 2020	June 30, 2020
Buildings	0.86%	0.86%	0.86%
Transportation equipment	0.86%	0.86%	0.86%

c. Material lease-in activities and terms

The Group leases certain warehouses in trade zone with lease terms of 3 years from 2019 and leases certain transportation equipment with lease term of 5 years from September 2019. These arrangements do not contain renewal or purchase options.

The Group also buys land use right for the construction of plants, offices and retail stores with use term of 50 years in mainland China specifies that payments will be paid at the time of contract and can be renewed upon the expiration of the period. The Group does not have purchase options to acquire the land and buildings at the end of the contract.

d. Other lease information

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	**2020**	**2021**	**2020**
Expenses relating to short-term leases	$ 55	$ 46	$ 109	$ 89
Total cash outflow for leases	$ (833)	$ (827)	$ (1,663)	$ (1,651)

The Group leases certain building which qualify as short-term leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

17. INVESTMENT PROPERTIES

	Completed Investment Properties
Cost	
Balance at January 1, 2020	$ 92,455
Additions	312
Transferred from property, plant and equipment	2,014
Effect of foreign currency exchange differences	(1,472)
Balance at June 30, 2020	$ 93,309
Accumulated depreciation and impairment	
Balance at January 1, 2020	$ (37,890)
Transferred from property, plant and equipment	(937)
Depreciation expenses	(2,094)
Effect of foreign currency exchange differences	781
Balance at June 30, 2020	$ (40,140)
Carrying amounts at June 30, 2020	$ 53,169
Carrying amounts at December 31, 2020 and January 1, 2021	$ 48,083
Cost	
Balance at January 1, 2021	$ 90,548
Additions	245,157
Effect of foreign currency exchange differences	(2,739)
Balance at June 30, 2021	$ 332,966

(Continued)

	Completed Investment Properties
Accumulated depreciation and impairment	
Balance at January 1, 2021	$ (42,465)
Depreciation expenses	(2,153)
Effect of foreign currency exchange differences	436
Balance at June 30, 2021	$ (44,182)
Carrying amounts at June 30, 2021	$ 288,784

(Concluded)

The investment properties held by the Group are depreciated using the straight-line method over their useful lives of 3-60 years.

The fair value of the Group's investment properties as of June 30, 2021, December 31, 2020 and June 30, 2020 was $940,409 thousand, $528,065 thousand and $589,957 thousand, respectively. The determination of fair value was not performed by independent qualified professional valuers; however, the management of the Group used the valuation model that market participants would use in determining the fair value. The valuation was arrived at by reference to market evidence of transaction prices for similar properties.

The above fair value measurement has taken into consideration the uncertainty on the volatility in the markets due to the evolution of the COVID-19 pandemic.

All of the Group's investment properties were held under freehold interests. The investment properties pledged as collateral for bank borrowing are set out in Note 30.

18. BORROWINGS

a. Short-term borrowings

	June 30, 2021	December 31, 2020	June 30, 2020
Unsecured borrowings			
Bank loans	$ 1,023,494	$ 909,260	$ 548,301
Letters of credit	-	6,990	16,424
	$ 1,023,494	$ 916,250	$ 564,725

The interest rate on the letters of credit were 0.65%-3.45%, 0.35%-3.45% and 0.55%-1.10% per annum as of June 30, 2021, December 31, 2020 and June 30, 2020, respectively.

b. Long-term borrowings

	June 30, 2021	December 31, 2020	June 30, 2020
Secured borrowings (Note 30)			
Bank loans	$ 225,362	$ 285,287	$ 273,566
Less: Current portions	(225,362)	(285,287)	-
	-	-	273,566
Unsecured borrowings			
Bank loans	1,583,109	1,785,524	1,427,962
Less: Current portions	(167,892)	(100,000)	(88,981)
	1,415,217	1,685,524	1,338,981
Long-term borrowings	$ 1,415,217	$ 1,685,524	$ 1,612,547

The borrowings of the Group were as follows:

	Maturity Date	June 30, 2021	December 31, 2020	June 30, 2020
Floating rate borrowings				
Secured bank borrowing denominated in RMB	2021.09.04	$ 225,362	$ 285,287	$ 273,566
Unsecured bank borrowing denominated in US$	2022.02.26	41,805	57,016	59,321
Unsecured bank borrowing denominated in US$	2022.05.28	-	28,508	29,660
Unsecured bank borrowing denominated in US$	2020.09.01	-	-	88,981
Unsecured bank borrowing denominated in NT$	2025.01.03	131,250	150,000	150,000
Unsecured bank borrowing denominated in NT$	2024.09.15	300,000	300,000	300,000
Unsecured bank borrowing denominated in NT$	2024.09.15	100,000	100,000	100,000
Unsecured bank borrowing denominated in NT$	2021.11.04	-	-	100,000
Unsecured bank borrowing denominated in NT$	2025.01.03	87,500	100,000	100,000
Unsecured bank borrowing denominated in NT$	2025.01.03	131,250	150,000	-
Unsecured bank borrowing denominated in NT$	2025.04.01	300,000	300,000	300,000
Unsecured bank borrowing denominated in NT$	2022.08.19	-	200,000	-
Unsecured bank borrowing denominated in NT$	2024.09.15	200,000	200,000	-
Unsecured bank borrowing denominated in NT$	2025.01.03	91,304	-	-
Unsecured bank borrowing denominated in NT$	2025.04.15	200,000	200,000	200,000
Less: Current portion		(393,254)	(385,287)	(88,981)
		$ 1,415,217	$ 1,685,524	$ 1,612,547

The weighted average effective interest rate of the bank borrowings at June 30, 2021, December 31, 2020 and June 30, 2020 was 0.10%-6.18% per annum, 0.10%-6.18% per annum and 0.10%-6.18% per annum, respectively.

19. OTHER LIABILITIES

	June 30, 2021	December 31, 2020	June 30, 2020
Current			
Other payables			
Payables for bonuses to employees and directors	$ 392,797	$ 190,888	$ 164,177
Payables for commissions	26,449	26,199	20,438
Payables for salaries	152,245	142,737	117,751
Payables for bonuses	252,841	333,798	156,978
Payables for annual leave	37,220	32,295	28,094
Payables for purchases of equipment	115,702	83,115	178,896
Payables for dividends	1,177,077	-	774,393
Others	164,051	152,274	164,660
	$ 2,318,382	$ 961,306	$ 1,605,387

20. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

TXC Corporation of the Group adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The employees of the Group's subsidiaries in mainland China are members of a state-managed retirement benefit plan operated by the government of China. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

b. Defined benefit plans

Employee benefit expense for the three and the six months ended June 30, 2021 and 2020 were $438 thousand, $519 thousand, $876 thousand and $1,038 thousand, respectively. Employee benefit expense was calculated on the basis of the actuarial valuations in December 31, 2020 and 2019.

21. EQUITY

a. Share capital

Ordinary shares

	June 30, 2021	December 31, 2020	June 30, 2020
Number of shares authorized (in thousands)	500,000	500,000	500,000
Shares authorized	$ 5,000,000	$ 5,000,000	$ 5,000,000
Number of shares issued and fully paid (in thousands)	309,757	309,757	309,757
Shares issued	$ 3,097,570	$ 3,097,570	$ 3,097,570

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

The Company's 30,000 thousand shares authorized were reserved for the issuance of convertible bonds and employee share options.

b. Capital surplus

	June 30, 2021	December 31, 2020	June 30, 2020
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital*			
Issuance of ordinary shares	$ 611,776	$ 611,776	$ 611,776
Conversion of bonds	977,028	977,028	977,028
Overdue options	73,377	73,377	73,377
The difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	331	331	331
Donated assets received	1,964	1,964	1,616
May only be used to offset a deficit			
Share of changes in capital surplus of associates or joint venture	2,712	2,712	3,780
Others	1,165	1,081	-
	$ 1,668,353	$ 1,668,269	$ 1,667,908

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

c. Retained earnings and dividend policy

Under the dividends policy as set forth in the amended Articles, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonuses to shareholders. For the policies on distribution of employees' compensation and remuneration of directors and supervisors before and after amendment, refer to employee benefits expense in Note 23(g).

Dividends are recommended by the board of directors in accordance with the Corporation's dividend policy. Under this policy, industry trends and growth should be evaluated, investment opportunities should be fully understood, and proper capital adequacy ratios should be considered in determining the dividends to be distributed. In addition, cash dividends should not be less than 20% of the total dividends to be appropriated.

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

Items referred to under Rule No. 1010012865, Rule No. 1010047490 and Rule No. 1030006415 issued by the FSC and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.

The appropriations of earnings for 2020 and 2019 were approved in the shareholders' meetings on July 20, 2021 and June 9, 2020, respectively, were as follows:

	Appropriation of Earnings For the Year Ended December 31		Dividends Per Share (NT$) For the Year Ended December 31	
	2020	**2019**	**2020**	**2019**
Legal reserve	$ 155,246	$ 67,178	$ -	$ -
Special reserve	(177,611)	269,465	-	-
Cash dividends	1,177,077	774,393	3.8	2.5

The Group suspends its originally scheduled shareholders' meeting in response to the FSC's announcement: "For pandemic prevention, the FSC demands public companies to postpone their shareholders' meetings". The shareholders' meeting will be held on July 20, 2021. However, the voting result by way of electronic transmission regarding the appropriation of earnings for 2020 reached the legal resolution threshold and the Group adjusted related amount accordingly.

d. Others equity items

1) Exchange differences on translating the financial statements of foreign operations

	For the Six Months Ended June 30	
	2021	**2020**
Balance at January 1	$ (523,275)	$ (584,617)
Exchange differences on translating the financial statements of foreign operations	(82,011)	(166,079)
Share from associates accounted for using the equity method	(2,694)	92
Balance at June 30	$ (607,980)	$ (750,604)

2) Unrealized gain (loss) on financial assets at FVTOCI

	For the Six Months Ended June 30	
	2021	2020
Balance at January 1	$ 176,513	$ 60,245
Recognized during the period		
Unrealized loss - equity instruments	286,779	34,478
Share from associates accounted for using the equity method	-	129
Other comprehensive income recognized in the period	286,779	34,607
Cumulative unrealized gain/(loss) of equity instruments transferred to retained earnings due to disposal	-	(122,086)
Share from associates accounted for using the equity method	-	(626)
Balance at June 30	$ 463,292	$ (27,860)

22. REVENUE

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Revenue from contracts with customers				
Revenue from sale of goods	$ 3,542,264	$ 2,523,956	$ 6,852,973	$ 4,675,138
Construction contract revenue	798,862	-	798,862	-
	$ 4,341,126	$ 2,523,956	$ 7,651,835	$ 4,675,138

Contract Balances

	June 30, 2021	December 31, 2020	June 30, 2020
Trade receivables (Note 10)	$ 3,837,221	$ 3,503,904	$ 2,815,870
Contract liabilities			
Construction of properties	$ 117,498	$ 729,079	$ 167,784
Sale of goods	23,470	12,730	6,003
Contract liabilities - current	$ 140,968	$ 741,809	$ 173,787

The contract liabilities were unearned sales revenue and accounted for other current liabilities.

23. NET PROFIT (LOSS) AND OTHER COMPREHENSIVE INCOME (LOSS) FROM CONTINUING OPERATIONS

Net Profit (Loss) from Continuing Operations

a. Interest income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Bank deposits	$ 1,828	$ 1,839	$ 5,400	$ 5,612
Financial assets at amortized cost	2,819	3,595	6,616	6,255
Others	427	359	640	998
	$ 5,074	$ 5,793	$ 12,656	$ 12,865

b. Other income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Income from government grants	$ 12,659	$ 10,232	$ 21,048	$ 18,036
Others	18,158	8,825	27,727	19,956
	$ 30,817	$ 19,057	$ 48,775	$ 37,992

c. Other gains and losses

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Gain on disposal of property, plant and equipment	$ 1,248	$ 2,312	$ 1,221	$ 2,299
Gain on disposal of subsidiaries	-	27,921	-	27,921
Fair value changes of financial assets and financial liabilities				
Financial assets mandatorily at FVTPL	17,475	9,262	10,369	11,306
Net foreign exchange (losses) gains	(9,022)	(27,516)	26,395	(8,601)
Property, plant and equipment impairment losses	(297)	(821)	(5,750)	(3,161)
Depreciation of investment properties	(1,072)	(1,045)	(2,153)	(2,094)
Others	(2,802)	(4,935)	(4,034)	(15,123)
	$ 5,530	$ 5,178	$ 26,048	$ 12,547

d. Finance costs

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Interest on bank loans	$ 9,827	$ 4,112	$ 14,864	$ 9,305
Interest on lease liabilities	4	10	9	22
	$ 9,831	$ 4,122	$ 14,873	$ 9,327

The detail of capitalisation of interest:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
The amount of capitalisation of interest	$ -	$ 4,237	$ 4,416	$ 8,536
Interest rate of capitalisation of interest	6.18%	6.18%	6.18%	6.18%

e. Depreciation and amortization

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Property, plant and equipment	$ 256,364	$ 198,593	$ 501,336	$ 391,679
Investment properties	1,072	1,045	2,153	2,094
Right-of-use assets	1,334	1,319	2,676	2,653
Intangible assets	2,500	1,781	4,591	3,420
	$ 261,270	$ 202,738	$ 510,756	$ 399,846
An analysis of deprecation by function				
Operating costs	$ 218,517	$ 158,813	$ 424,584	$ 311,868
Operating expenses	39,181	41,099	79,428	82,464
Other expenses	1,072	1,045	2,153	2,094
	$ 258,770	$ 200,957	$ 506,165	$ 396,426
An analysis of amortization by function				
Operating expenses	$ 2,500	$ 1,781	$ 4,591	$ 3,420

f. Employee benefits expense

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Post-employment benefits (see Note 20)				
Defined contribution plans	$ 25,323	$ 14,306	$ 46,597	$ 31,137
Defined benefit plans	438	519	876	1,038
	25,761	14,825	47,473	32,175
Other employee benefits				
Payroll expense	618,600	439,535	1,220,322	866,357
Labor and health insurance	29,030	21,408	59,360	45,327
Others	12,834	15,152	28,015	30,876
	660,464	476,095	1,307,697	942,560
	$ 686,225	$ 490,920	$ 1,355,170	$ 974,735
An analysis of employee benefits expense by function				
Operating costs	$ 372,783	$ 296,943	$ 774,595	$ 582,111
Operating expenses	313,442	193,977	580,575	392,624
	$ 686,225	$ 490,920	$ 1,355,170	$ 974,735

g. Employees' compensation and remuneration of directors

The Company accrued employees' compensation and remuneration of directors at the rates no less than 3% and no higher than 2%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors and supervisors. The employees' compensation and remuneration of directors for the three months ended March 31, 2021 and 2020, respectively, were as follows:

Accrual rate

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Employees' compensation	9.0%	9.0%	9.0%	9.0%
Remuneration of directors	1.5%	1.5%	1.5%	1.5%

Amount

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Employees' compensation	$ 100,786	$ 41,166	$ 173,194	$ 69,299
Remuneration to directors	$ 16,798	$ 6,861	$ 28,866	$ 11,550

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

The employees' compensation and remuneration of directors for the years ended December 31, 2020 and 2019 which were approved by the Company's board of directors on March 11, 2021 and March 23, 2020, respectively, were as follows:

	For the Year Ended December 31			
	2020		2019	
	Cash	Share	Cash	Share
Employees' compensation	$ 163,489	$ -	$ 71,552	$ -
Remuneration of directors	27,248	-	11,925	-

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

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

24. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

Major components of tax expense were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Current tax				
In respect of the current period	$ 168,687	$ 55,408	$ 278,551	$ 91,289
Income tax on unappropriated earnings	19,887	-	19,887	-
Adjustments for prior periods	(30,778)	(9,886)	(30,778)	(9,886)
Deferred tax				
In respect of the current period	(3,745)	(2,470)	8,083	2,774
Income tax expense recognized in profit or loss	$ 154,051	$ 43,052	$ 275,743	$ 84,177

b. Income tax recognized in other comprehensive income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Deferred tax				
In respect of the current period:				
Fair value changes of financial assets at FVTOCI	$ -	$ -	$ -	$ 8,619
Arising from income and expenses reclassified from equity to profit or loss				
On disposal of investments in equity instruments at FVTOCI	-	-	-	(30,521)
	$ -	$ -	$ -	$ (21,902)

c. Income tax assessments

The income tax returns through 2017 have been assessed by the tax authorities.

25. EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share from continuing operations were as follows:

Net Profit for the Period

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Earnings used in the computation of diluted earnings per share	$ 920,306	$ 369,118	$ 1,552,156	$ 625,976

Weighted average number of ordinary shares outstanding (in thousand shares):

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Weighted average number of ordinary shares in the computation of basic earnings per share	309,757	309,757	309,757	309,757
Effect of potentially dilutive ordinary shares:				
Employees’ compensation or bonuses issued to employees	668	450	2,034	1,928
Weighted average number of ordinary shares used in the computation of diluted earnings per share	310,425	310,207	311,791	311,685

The Group may settle the compensation of employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

26. NON-CASH TRANSACTIONS

The Group entered into the following non-cash investing activities which were not reflected in the consolidated statements of cash flows for the six months ended June 30, 2021 and 2020:

a. The Company declared cash dividends for 2020 and 2019 in July 2021 and June 2020 for $1,177,077 thousand and $774,393 thousand, respectively (refer to Note 21). As of June 30, 2021 and 2020, cash dividends are not yet distributed, and accounted for other payables.

b. The Group transferred inventories to investment properties for lease agreements. The inventories decreased and investment properties increased by 245,157 thousand dollars for the six months ended June 30, 2021.

27. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity attributable to owners of the Company (comprising issued capital, reserves, retained earnings and other equity).

The Group is not subject to any externally imposed capital requirements.

28. FINANCIAL INSTRUMENTS

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

   The management believes the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values.

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

1) Fair value hierarchy

June 30, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Foreign exchange forward contracts and exchange contracts	$ -	$ 474	$ -	$ 474
Beneficiary certificate	191,334	-	-	191,334
Structured deposits	-	405,623	-	405,623
	$ 191,334	$ 406,097	$ -	$ 597,431
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic emerging shares	$ 400,224	$ -	$ -	$ 400,224
Domestic unlisted shares	-	-	105,649	105,649
Foreign unlisted shares	-	-	307,606	307,606
	$ 400,224	$ -	$ 413,255	$ 813,479
Financial liabilities at FVTPL				
Foreign exchange forward contracts and exchange contracts	$ -	$ 844	$ -	$ 844

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Foreign unlisted shares	$ -	$ -	$ 9,255	$ 9,255
Foreign exchange forward contracts and exchange contracts	-	10,459	-	10,459
Beneficiary certificate	259,333	-	-	259,333
Structured deposits	-	264,697	-	264,697
	$ 259,333	$ 275,156	$ 9,255	$ 543,744

(Continued)

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic unlisted shares	$ -	$ -	$ 213,736	$ 213,736
Foreign unlisted shares	-	-	311,568	311,568
	$ -	$ -	$ 525,304	$ 525,304
Financial liabilities at FVTPL				
Foreign exchange forward contracts and exchange contracts	$ -	$ 1,455	$ -	$ 1,455

(Concluded)

June 30, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Foreign unlisted shares	$ -	$ -	$ 9,255	$ 9,255
Foreign exchange forward contracts	-	309	-	309
Beneficiary certificate	416,785	-	-	416,785
Structured deposits	-	207,241	-	207,241
	$ 416,785	$ 207,550	$ 9,255	$ 633,590
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic unlisted shares	$ -	$ -	$ 68,363	$ 68,363
Foreign unlisted shares	-	-	234,739	234,739
	$ -	$ -	$ 303,102	$ 303,102
Financial liabilities at FVTPL				
Foreign exchange forward contracts and exchange contracts	$ -	$ 871	$ -	$ 871

There were no transfers between Levels 1 and 2 between January 1 to June 30, 2021 and 2020.

2) Reconciliation of Level 3 fair value measurements of financial instruments

June 30, 2021

Financial Assets	Financial Assets at FVTPL	Financial Assets at FVTOCI
	Equity Instruments	Equity Instruments
Balance at January 1, 2021	$ 9,255	$ 525,304
Purchases	-	5,359
Sales	(9,255)	-
Transfer to Level 1	-	(113,445)
Effect of foreign currency exchange differences	-	(3,963)
Balance at June 30, 2021	$ -	$ 413,255

Since the UPI Semiconductor Corp.'s shares were listed on the Taipei Exchange on March 12, 2021, the fair value hierarchy was transferred from Level 3 to Level 1 when observable market data became available for such equity investment.

June 30, 2020

Financial Assets	Financial Assets at FVTPL	Financial Assets at FVTOCI
	Equity Instruments	Equity Instruments
Balance at January 1, 2020	$ 9,255	$ 305,308
Effect of foreign currency exchange differences	-	(2,206)
Balance at June 30, 2020	$ 9,255	$ 303,102

3) Valuation techniques and inputs applied for Level 2 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Derivatives - foreign exchange forward contracts and exchange contracts	Discounted cash flow Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Structured deposits	Discounted cash flow. Future cash flows are discounted at a rate that reflects current borrowing interest rates of the bond issuers at the end of the reporting period

4) Valuation techniques and inputs applied for the purpose of measuring Level 3 fair value measurement

The Group uses price-book ratio approach, comparing the net value per share with other public companies among similar industries or evaluating share price based on average price-book ratio of other competitors, to capture the present value of the expected future economic benefits to be derived from the ownership of these investees.

The fair values of unlisted equity securities - ROC were determined using the income approach. In this approach, the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of these investees. The significant unobservable inputs used are listed in the table below. An increase in long-term revenue growth rates or long-term pre-tax operating margin or a decrease in the WACC or discount for lack of marketability used in isolation would result in an increase in the fair value.

c. Categories of financial instruments

	June 30, 2021	December 31, 2020	June 30, 2020
Financial assets			
FVTPL			
Mandatorily at FVTPL (1)	$ 597,431	$ 543,744	$ 633,590
Financial assets at amortized cost (2)	7,129,804	6,709,185	5,407,499
Financial assets at FVTOCI			
Equity instruments	813,479	525,304	303,102
Financial liabilities			
FVTPL			
Mandatorily at FVTPL (3)	844	1,455	871
Amortized cost (4)	7,422,130	5,937,115	5,674,197

1) The balances included the carrying amount of beneficiary certificate, foreign exchange forward contracts and exchange contracts, structured deposits and investment with preference shares.

2) The balances included financial assets measured at amortized cost, which comprise cash and cash equivalents, notes receivable, trade receivables, other receivables and refundable deposits.

3) The balances included the carrying amount of foreign exchange forward contract.

4) The balances included financial liabilities measured at amortized cost, which comprise short-term and long-term loans, notes payable, trade payables, other payables and guarantee deposits received.

d. Financial risk management objectives and policies

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

The Group sought to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provided written principles on foreign currency risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Group did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The corporate treasury function reports quarterly to the Group's risk management committee, an independent body that monitors risks and policies implemented to mitigate risk exposures.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below). The Group entered into a variety of derivative financial instruments to manage its exposure to foreign currency risk and interest rate risk, including: Foreign exchange forward contracts to hedge the exchange rate risk arising on the Group's foreign currency monetary.

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

a) Foreign currency risk

Several subsidiaries of the Company have foreign currency sales and purchases, which exposes the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting period (see Note 33).

Sensitivity analysis

The Group is mainly exposed to the USD and JPY.

The following table details the Group's sensitivity to a 1% increase and decrease in the New Taiwan dollar (the functional currency) against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 1%. The sensitivity analysis included only outstanding foreign currency denominated monetary items and foreign exchange forward contracts designated as cash flow hedges, and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. The sensitivity analysis included external loans/borrowings as well as loans/borrowings to foreign operations within the Group where the denomination of the loan is in a currency other than the functional currency of the lender or the borrower. A positive number below indicates an increase in post-tax profit and other equity associated with the New Taiwan dollar strengthening 1% against the relevant currency. For a 1% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on post-tax profit and other equity and the balances below would be negative.

	USD Impact		**JPY Impact**	
	For the Six Months Ended June 30		**For the Six Months Ended June 30**	
	2021	**2020**	**2021**	**2020**
Profit or loss	$ 26,350	$ 32,029	$ (3,706)	$ (5,284)

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

ii. This was mainly attributable to the exposure on outstanding payables in JPY which were not hedged at the end of the reporting period.

b) Interest rate risk

The Group is exposed to interest rate risk because entities in the Group deposit and borrow funds at floating interest rates.

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

	June 30, 2021	December 31, 2020	June 30, 2020
Fair value interest rate risk			
Financial assets	$ 633,802	$ 687,252	$ 600,004
Financial liabilities	2,134,921	519,996	-
Cash flow interest rate risk			
Financial assets	2,553,499	2,443,257	1,854,192
Financial liabilities	697,044	2,467,065	2,266,253

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for both derivative and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the reporting period was outstanding for the whole year. A 25 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the six months ended June 30, 2021 and 2020 would increase/(decrease) by $2,321 thousand and $(515) thousand, respectively, which was mainly attributable to the Group's exposure to interest rates on its floating rate bank deposits and bank borrowings.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Group, could be equal to the total of the following:

a) The carrying amount of the respective recognized financial assets as stated in the balance sheets; and

b) The maximum amount the entity would have to pay if the financial guarantee is called upon, irrespective of the likelihood of the guarantee being exercised.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liability. As of June 30, 2021, December 31, 2020 and June 30, 2020, the Group had available unutilized short-term bank loan facilities of $5,796,964 thousand, $6,712,627 thousand and $5,329,656 thousand, respectively.

Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table included both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

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

June 30, 2021

	Weighted Average Effective Interest Rate (%)	**Less than 1 Year**	**2-3 Years**	**4-5 Years**	**5+ Years**	**Total**
Non-derivative financial liabilities						
Trade payables	-	$ 2,200,540	$ -	$ -	$ -	$ 2,200,540
Other payables	-	2,321,141	-	-	-	2,321,141
Other current liabilities	-	201,105	-	-	-	201,105
Lease liabilities	0.86	448	909	38	-	1,395
Variable interest rate liabilities	0.10-3.44	181,827	372,174	143,043	-	697,044
Fixed interest rate liabilities	0.30-6.18	1,234,921	720,000	180,000	-	2,134,921

December 31, 2020

	Weighted Average Effective Interest Rate (%)	**Less than 1 Year**	**2-3 Years**	**4-5 Years**	**5+ Years**	**Total**
Non-derivative financial liabilities						
Trade payables	-	$ 1,951,141	$ -	$ -	$ -	$ 1,951,141
Other payables	-	962,786	-	-	-	962,786
Other current liabilities	-	757,540	-	-	-	757,540
Lease liabilities	0.86	1,777	905	267	-	2,949
Variable interest rate liabilities	0.65-0.68	519,996	-	-	-	519,996
Fixed interest rate liabilities	0.35-6.18	718,541	1,064,524	621,000	-	2,467,065

June 30, 2020

	Weighted Average Effective Interest Rate (%)	Less than 1 Year	2-3 Years	4-5 Years	5+ Years	Total
Non-derivative financial liabilities						
Trade payables	-	$ 1,765,219	$ -	$ -	$ -	$ 1,765,219
Other payables	-	1,608,170	-	-	-	1,608,170
Other current liabilities	-	193,703	-	-	-	193,703
Lease liabilities	0.86	3,101	901	494	-	4,496
Variable interest rate liabilities	0.10-6.18	653,706	1,612,547	-	-	2,266,253

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

Liquidity and interest rate risk tables for derivative financial liabilities

The following table details the Group's liquidity analysis of its derivative financial instruments. The table is based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement.

June 30, 2021

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Net settled					
Foreign exchange forward contracts and exchange contracts	$ 1,819	$ (1,851)	$ (338)	$ -	$ -

December 31, 2020

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Net settled					
Foreign exchange forward contracts and exchange contracts	$ 2,460	$ 5,019	$ 1,525	$ -	$ -

June 30, 2020

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Net settled					
Foreign exchange forward contracts and exchange contracts	$ 501	$ (1,063)	$ -	$ -	$ -

29. TRANSACTIONS WITH RELATED PARTY

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

a. Related party name and category

Related Party Name	Related Party Category
Tai-shing Electronics Components Corp.	Associates
TSE Technology (Ningbo) Co., Ltd.	Associates
Godsmith Sensor Inc.	Associates
EcLife Co., Ltd.	Other associates
Ningbo Longying Semiconductor Co., Ltd.	Other associates

b. Sales of goods

		For the Three Months Ended June 30		For the Six Months Ended June 30	
Line Items	Related Party Categories	2021	2020	2021	2020
Sales	Associates	$ 33,555	$ 12,659	$ 60,650	$ 17,698
	Other associates	2,484	1,949	5,848	4,126
		$ 36,039	$ 14,608	$ 66,498	$ 21,824

Selling prices and payment terms offered to related parties were similar with those offered to third parties.

c. Purchases of goods

	For the Three Months Ended June 30		For the Six Months Ended June 30	
Related Party Categories	2021	2020	2021	2020
Others associates	$ 3,446	$ 193	$ 7,776	$ 237

Purchase prices and payment terms offered by related parties were similar with those offered by third parties.

d. Receivables from related parties (excluding loans to related parties)

Line Items	Related Party Categories	June 30, 2021	December 31, 2020	June 30, 2020
Trade receivables	Associates	$ 37,310	$ 28,006	$ 13,244
	Other associates	3,264	2,223	2,279
Less: Allowance for impairment loss		(69)	(67)	(69)
		$ 40,505	$ 30,162	$ 15,454
Other receivables	Associates	$ 768	$ 490	$ -
	Other associates	-	-	677
		$ 768	$ 490	$ 677

The outstanding trade receivables from related parties are unsecured.

e. Payables to related parties (excluding loans from related parties)

Line Items	Related Party Categories	June 30, 2021	December 31, 2020	June 30, 2020
Trade payables	Other associates	$ 2,328	$ 3,543	$ 230
Other payables	Associates	$ -	$ -	$ 1,089
	Other associates	2,759	1,480	1,694
		$ 2,759	$ 1,480	$ 2,783

The outstanding trade payables from related parties are unsecured.

Payment term of the transactions to related parties were similar to those for third parties.

f. Acquisitions of property, plant and equipment

	For the Three Months Ended June 30		For the Six Months Ended June 30	
Related Party Categories	**2021**	**2020**	**2021**	**2020**
Others associates	$ 1,879	$ 753	$ 2,697	$ 1,411

g. Rental revenue

			For the Three Months Ended June 30				For the Six Months Ended June 30			
			2021		2020		2021		2020	
Related Party	**Location**	**Rent Collection**	**Amount**	**% to Total Account Balance**	**Amount**	**% to Total Account Balance**	**Amount**	**% to Total Account Balance**	**Amount**	**% to Total Account Balance**
Ningbo Xingmao Electron Technology Co., Ltd.	Building P5, 1F., No. 189, Huangshan W. Rd., Beilun Dist., Ningbo City	Based on contract, and paid on a monthly basis	$ 740	-	$ 758	-	$ 1,491	-	$ 1,534	-
Ningbo Longying Semiconductor Co., Ltd.	Building D4, No. 189, Huangshan W. Rd., Beilun Dist., Ningbo City	Based on contract, and paid on a monthly basis	31	-	64	-	62	-	64	-
Tai-Shing Electronics Components Corporation	6F., No. 4, Gongye 6th Rd., Pingzhen Dist., Taoyuan City 324, Taiwan	Based on contract, and paid on a monthly basis	893	-	894	-	1,789	-	1,785	
Godsmith Sensor Inc.	3F., No. 6, Gongye 6th Rd., Pingzhen Dist., Taoyuan City 324, Taiwan	Based on contract, and paid on a monthly basis	-	-	147	-	-	-	291	-
			$ 1,664	-	$ 1,863	-	$ 3,342	-	$ 3,674	-

There is no significant difference in transaction terms between related parties and unrelated parties.

h. Compensation of key management personnel

The remuneration of directors and key executives for the three and the six months ended June 30, 2021 and 2020 were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Short-term employee benefits	$ 45,010	$ 33,709	$ 94,909	$ 60,104
Post-employment benefits	878	805	1,894	1,772
	$ 45,888	$ 34,514	$ 96,803	$ 61,876

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

30. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings, the tariff of imported raw materials guarantees or the deposit for hiring foreign workers:

	June 30, 2021	December 31, 2020	June 30, 2020
Land and land improvement	$ -	$ 570,178	$ 568,417
Building and equipment, net	280,808	855,007	891,955
Investment property	234,942	38,120	42,205
Land for development	358,100	1,181,555	932,693
Pledged deposits	61,007	59,504	76,071
Right-of-use assets	11,026	11,351	11,062
	$ 945,883	$ 2,715,715	$ 2,522,403

31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group were as follows:

a. Unused letters of credit amounted to approximately EUR1,188 thousand and JPY471,236 thousand as of June 30, 2021.

b. As of June 30, 2021, the Group unrecognized commitments were as follows:

	Contract Amount	Paid Amount	Unpaid Amount
Acquisition of machinery and equipment	$ 474,309	$ 202,958	$ 271,351
Acquisition of machinery and equipment	RMB 91,101	RMB 34,046	RMB 57,055
Acquisition of machinery and equipment	JPY 1,346,724	JPY 746,458	JPY 600,266
Acquisition of machinery and equipment	USD 2,420	USD 795	USD 1,625
Acquisition of machinery and equipment	EUR 1,697	EUR 509	EUR 1,188

32. SIGNIFICANT EVENTS AFTER REPORTING PERIOD

On May 10, 2021, the Board of Directors approved to the fifth domestic three-year unsecured convertible bonds. The denomination of the bond was $100 thousand and the total value was 1,200,000 thousands with 0% interest rate. The issued date was on July 26, 2021 and the maturity date is on July 26, 2024.

33. OTHER ITEMS

Due to the impact of the COVID-19 pandemic which has evolved globally and currently in Taiwan, some of the Group's operating locations have enforced crowd controls. After evaluation, it didn't have significant influences for the Group's operation.

Based on the information available as of the balance sheet date, the Group considered the economic implications of the epidemic when making its critical accounting estimates.

34. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's group entities' significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows:

June 30, 2021

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 129,835	27.87 (USD:NTD)	$ 3,618,501
USD	5,111	6.4601 (USD:RMB)	142,444
JPY	1,441,825	0.2521 (JPY:NTD)	363,484
JPY	290,880	0.0584 (JPY:RMB)	73,331
Financial liabilities			
Monetary items			
USD	35,487	27.87 (USD:NTD)	989,023
USD	4,912	6.4601 (USD:RMB)	136,897
JPY	1,868,508	0.2521 (JPY:NTD)	471,051
JPY	1,334,243	0.0584 (JPY:RMB)	336,363

December 31, 2020

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 117,525	28.5080 (USD:NTD)	$ 3,350,403
USD	34,107	6.5249 (USD:RMB)	972,322
JPY	91,491	0.2765 (JPY:NTD)	25,297
JPY	444,265	0.0633 (JPY:RMB)	122,839
Financial liabilities			
Monetary items			
USD	36,683	28.5080 (USD:NTD)	1,045,759
USD	10,465	6.5249 (USD:RMB)	298,336
JPY	1,269,487	0.2765 (JPY:NTD)	351,013
JPY	1,236,936	0.0633 (JPY:RMB)	342,013

June 30, 2020

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 84,537	29.66 (USD:NTD)	$ 2,507,367
USD	65,679	7.0794 (USD:RMB)	1,948,039
JPY	366,133	0.2753 (JPY:NTD)	100,796
JPY	67,944	0.0622 (JPY:RMB)	18,705
Financial liabilities			
Monetary items			
USD	31,654	29.66 (USD:NTD)	938,858
USD	10,576	7.0794 (USD:RMB)	313,684
JPY	1,342,641	0.2753 (JPY:NTD)	369,629
JPY	1,010,698	0.0622 (JPY:RMB)	278,245

For the three and the six months ended June 30, 2021 and 2020, realized and unrealized net foreign exchange gains (losses) were $(9,022) thousand, $(27,516) thousand, $26,395 thousand and $(8,601) thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the group entities.

35. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

1) Financing provided to others. (None)

2) Endorsements/guarantees provided. (Table 1)

3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures). (Table 2)

4) Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital. (Table 3)

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

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital. (None)

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

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital. (Table 5)

9) Trading in derivative instruments. (Note 7)

10) Others: Intercompany relationships and significant intercompany transactions. (Table 9)

b. Information on investees. (Table 6)

c. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 7)

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: (Table 8)

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.

c) The amount of property transactions and the amount of the resultant gains or losses.

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.

e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.

f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services.

d. Information of major shareholders：List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (None)

36. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Group's reportable segments under IFRS 8 "Operating Segments" were as follows:

- Crystal segment

  The crystal (direct sales) segment includes a number of direct sales operations in various cities within Taiwan and China each of which is considered separate operating segment by the chief operating decision maker (CODM). For financial statements presentation purposes, these individual operating segments have been aggregated into a single operating segment taking into account the following factors:

  a. These operating segments have similar long-term gross profit margins;
  b. The nature of the products and production processes are similar;
  c. The methods used to distribute the products to the customers are the same.

- Real estate development segment

  The development and sales of real estate, along with mall space leasing in Chongqing is considered a separate operating segment by the chief operating decision maker (CODM).

Segment Revenue and Results

	Segment Revenue		**Segment Profit**	
	For the Six Months Ended June 30		**For the Six Months Ended June 30**	
	2021	**2020**	**2021**	**2020**
Crystal segment	$ 6,852,973	$ 4,675,138	$ 1,526,892	$ 632,690
Real estate development segment	798,862	-	223,939	-
Continuing operations	$ 7,651,835	$ 4,675,138	1,750,831	632,690
Interest income			12,656	12,865
Other income			48,775	37,992
Other gains and losses			26,048	12,547
Finance costs			(14,873)	(9,327)
Share of profit of associates accounted for using the equity method			4,462	23,386
Profit before tax (continuing operations)			$ 1,827,899	$ 710,153

Segment revenue reported above represents revenue generated from external customers.

Segment profit represented the profit before tax earned by each segment without allocation of central administration costs and directors' salaries, share of profit of associates, gains recognized on the disposal of interests in former associates, rental revenue, interest income, gain or loss on disposal of property, plant and equipment, gains or losses on disposal of financial instruments, exchange gains or losses, valuation gain or loss on financial instruments, finance costs and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

TABLE 1

TXC CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
JUNE 30, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note)	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 3)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Note
		Name	Relationship (Note 2)								
1	TXC (Ningbo) Corporation	Chongqing Zhongyang Properties Co., Ltd.	Subsidiary with equity method	$ 2,996,093	$ 474,562	$ 474,562	$ 225,362	$ -	7.92	$ 5,992,186	

Note: The total amount of TXC (Ningbo) Corporation endorsements and guarantees provided shall not exceed 100% of the amount of the net value of TXC (Ningbo) Corporation; the amount of individual entity endorsements shall not exceed 5% of the amount of the net value of the individual entity. However, the amount of individual entity endorsements is permitted with 50% of net value of subsidiary.

TXC CORPORATION AND SUBSIDIARIES

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	June 30, 2021				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
TXC Corporation	Stock - unlisted company							
	Godsmith Sensor Inc	None	Non-current assets held for sale	900	$ 17,946	12	$ 17,946	
		〃	Financial assets at fair value through other comprehensive income - non-current	550	10,967	7	10,967	
	Clear Signal Technology Corporation	〃	〃	536	5,359	12	5,359	
	Win Precision Technology Co., Ltd.	〃	〃	1,365	89,323	3	89,323	
	Stock - emerging market shares							
	UPI Semiconductor Corp.	TXC Corporation is a direct of the Company	〃	1,516	400,224	2	400,224	
					$ 523,819		$ 523,819	
TXC (Ningbo) Corporation	Beneficiary certificate							
	CICC Wealth Management 800 Fund	None	Financial assets at fair value through profit or loss - current	RMB 24,287	$ 104,778	-	$ 104,778	
	Huifeng Zhicheng No. 6 ABS Funds	〃	〃	RMB 20,000	86,283	-	86,283	
					$ 191,061		$ 191,061	
	Shares overseas - unlisted company							
	Ningbo SJ Electronics Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	RMB 6,000	$ 69,743	7	$ 69,743	
TXC (Chongqing) Limited	Structured deposits							
	China Construction Bank Corporation	None	Financial assets at fair value through profit or loss - current	RMB 28,536	$ 123,110	-	$ 123,110	
Ningbo Beilun Jingyu Trading Corporation	Beneficiary certificate							
	Southern Cash Fund	None	Financial assets at fair value through profit or loss - current	RMB 63	$ 273	-	$ 273	
Ningbo Meishan Free Trade Port Area Ding Kai Investment Management Company Limited	Shares overseas - unlisted company							
	Zhejiang Bright Semiconductor Technology Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non current	RMB 7,000	$ 233,128	6	$ 233,128	
TXC Technologies Inc.	Shares overseas - unlisted company							
	Investment QST LLC	None	Financial assets at fair value through other comprehensive income - non current	US$ 250	$ 4,735	-	$ 4,735	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	June 30, 2021				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
Chongqing Zhongyang Properties Co., Ltd.	Structured deposits							
	Chongqing Rural Commercial Bank	None	Financial assets at fair value through profit or loss - current	RMB 40,481	$ 174,643	-	$ 174,643	
	China Construction Bank Corporation	〃	〃	RMB 13,224	57,051	-	57,051	
	Agricultural Bank of China	〃	〃	RMB 10,058	43,392	-	43,392	
					$ 275,086		$ 275,086	
ChongQing Dingsen Commercial Management Co., Ltd.	Structured deposits							
	China Construction Bank Corporation	None	Financial assets at fair value through profit or loss - current	RMB 1,722	$ 7,427	-	$ 7,427	

(Concluded)

TXC CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE SIX MONTHS ENDED JUNE 30, 2021
(In Thousands of New Taiwan Dollars)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Equity in Net Gain (Loss)	Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Amount	Carrying Amount	Gain (Loss) on Disposal		Shares	Amount
TXC (Chongqing) Limited	QianYuan - Hengying (daily) open net wealth management product	Financial instruments at FVTPL - current	China Construction Bank	None	-	$ -	-	$ 714,853	-	$ (591,524)	$ (590,836)	$ 688	$ (907)	-	$ 123,110

TXC CORPORATION AND SUBSIDIARIES

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

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
TXC Corporation	TXC (Ningbo) Corporation	Subsidiary	Purchase	$ 1,533,431	39	Payment term of the transactions to related parties were similar to those for third parties	Its trading price depends on its function within the Group	Payment term of the transactions to related parties were similar to those for third parties	$ (838,867)	(43)	
	TXC (Ningbo) Corporation	〃	Sale	182,655	3	〃	〃	〃	107,518	3	
	TXC (Chongqing) Limited	〃	Purchase	713,476	18	〃	〃	〃	(375,338)	(19)	
TXC (Ningbo) Corporation	TXC (Chongqing) Limited	〃	Purchase	148,084	11	〃	〃	〃	(87,253)	(10)	

TXC CORPORATION AND SUBSIDIARIES

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

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Action Taken		
TXC Corporation	TXC (Ningbo) Corporation	Subsidiary	$ 107,518	4.94	$ -	-	$ 23,487	$ -
TXC (Ningbo) Corporation	TXC Corporation	Parent entity	838,867	4.19	-	-	204,933	-
TXC (Chongqing) Corporation	TXC Corporation	Parent entity	375,338	3.89	-	-	124,312	-
TXC (Ningbo) Corporation	TETC CORP. NINGBO	Subsidiary	152,691	Note	-	-	-	-

Note: The ending balance is primarily consisted of other receivables, which is not applicable for the calculation of turnover rate.

TXC CORPORATION AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
FOR THE SIX MONTHS ENDED JUNE 30, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of June 30, 2021			Net Income (Losses) of the Investee	Share of Profits (Loss)	Note
				June 30, 2021	December 31, 2020	Shares (In Thousands)	Percentage of Ownership	Carrying Value			
TXC Corporation	Taiwan Crystal Technology International Ltd.	Western Samoa	Investment management	$ 1,390,461	$ 1,390,461	42,835	100.00	$ 6,140,266	$ 667,077	$ 661,751	
	Taiwan Crystal Technology International (HK) Limited	Hong Kong	International trading	2,371	2,371	80	100.00	150,073	28,849	28,849	
	TXC Japan Corporation	Japan	Marketing activities	6,172	6,127	2	100.00	31,656	3,134	3,134	
	TXC Technology Inc.	U.S.A.	Marketing activities	9,879	9,879	300	100.00	13,321	(2,709)	(2,709)	
	Tai-Shing Electronics Components Corporation	Taiwan	Manufacture and sales of electronics products	360,924	359,266	8,478	32.11	379,707	22,340	7,168	
	TXC Europe GmbH	Germany	Marketing activities	1,746	1,746	50	100.00	4,853	1,506	1,506	

TXC CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE SIX MONTHS ENDED JUNE 30, 2021
(In Thousands of New Taiwan Dollars or U.S. Dollars)

1. Name of the investees in mainland China, main businesses and products, paid-in capital, method of investment, information on inflow or outflow of capital, percentage of ownership, investment income or loss, ending balance of investment, dividends remitted by the investee, and the limit of investment in mainland China:

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outflow of Investments from Taiwan as of January 1, 2021	Investment Flows		Accumulated Outflow of Investments from Taiwan as of June 30, 2021	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of June 30, 2021	Accumulated Repatriation of Investment Income as of June 30, 2021
					Outflow	Inflow						
TXC (Ningbo) Corporation	Research and development, manufacture, and sale of quartz elements and related electronic products	$ 2,350,052	Indirect investment of the Corporation in mainland China through the Corporation's subsidiary in a third region	$ 1,427,630	$ -	$ -	$ 1,427,630	$ 667,068	100	$ 667,068	$ 5,992,186	$ 566,321
TXC (Chongqing) Corporation	Research and development, manufacture, and sale of quartz elements and related electronic products	1,162,074	Other investment of the Corporation in mainland China	-	-	-	-	115,775	100	115,775	1,500,936	306,500
TETC CORP. NINGBO	Research and development, manufacture, and sale of quartz elements and related electronic products	260,100	Other investment of the Corporation in mainland China	-	-	-	-	3,677	100	3,677	262,500	-
Chongqing Zhongyang Properties Co., Ltd.	Properties development	684,908	Other investment of the Corporation in mainland China	-	-	-	-	190,070	100	190,070	767,489	-
Ningbo Beilun Jingyu Trading Corporation	International trading	7,090	Other investment of the Corporation in mainland China	-	-	-	-	(6)	100	(6)	5,814	-
Ningbo Longying Semiconductor Co., Ltd.	Research and development in integrated circuit	183,180	Other investment of the Corporation in mainland China	-	-	-	-	(6,765)	40	(2,706)	44,600	-
Ningbo Meishan Free Trade Port Area Ding Kai Investment Management Company Limited	Investment management	160,043	Other investment of the Corporation in mainland China	-	-	-	-	-	100	-	233,391	-
ChongQing Dingsen Commercial Management Co., Ltd.	Property management	2,185	Other investment of the Corporation in mainland China	-	-	-	-	(412)	100	(412)	1,693	-

2.

Accumulated Outward Remittance for Investments in mainland China as of June 30, 2021	Investment Amounts Authorized by the Investments Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by Investment Commission, MOEA
$1,427,630	$2,350,052	$ -

Note: The investment in mainland China has no maximum limit since the Company has acquired the approval from the Industrial Development Bureau for the establishment of the Company's operating headquarters in Taiwan.

TXC CORPORATION AND SUBSIDIARIES

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES
FOR THE SIX MONTHS ENDED JUNE 30, 2021
(In Thousands of New Taiwan Dollars)

1. Significant direct or indirect transactions with the investees, prices and terms of payment, unrealized gain or loss:

Company Name	Investee Company	Transaction Type	Purchase/Sale		Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
			Amount	%		Payment Term	Comparison with Normal Transaction	Ending Balance	%		
TXC Corporation	TXC (Ningbo) Corporation	Purchase	$ 1,533,431	39	Its trading price depends on its function within the Group	Similar with third parties	Its trading price depends on its function within the Group	$ (838,867)	(43)	$ 208	
	TXC (Ningbo) Corporation	Sale	182,655	3	〃	〃	〃	107,518	3	5,543	
	TXC (Chongqing) Limited	Purchase	713,476	18	〃	〃	〃	(375,338)	(19)	3,491	

2. The transactions of properties and the profit or loss: None.

3. Endorsements guarantees or collateral directly or indirectly provided to the investees: None

4. Financing directly or indirectly provided to the investees: None

5. Other transactions that significantly impacted the current year’s profit or loss or financial position: None

TXC CORPORATION AND SUBSIDIARIES

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

No.	Company Name	Counterparty	Nature of Relationship (Note 1)	Intercompany Transactions			
				Accounts	Amount	Terms (Notes 1 and 2)	Percentage of Consolidated Total Gross Sales or Total Assets (%)
0	TXC Corporation	TXC Technology, Inc.	a	Other expense - consulting expense	$ 20,264	a	-
		TXC Japan Corporation	a	Other expense - consulting expense	17,490	a	-
		TXC Europe GmbH	a	Other expense - consulting expense	6,111	a	-
		TXC (Ningbo) Corporation	a	Sales	182,655	a	2
				Purchase	1,533,431	a	20
				Trade receivables	107,518	a	1
				Trade payables	838,867	a	5
		TXC (Chongqing) Limited	a	Purchase	713,476	a	9
				Trade payables	375,338	a	2
		Taiwan Crystal Technology (HK) Limited	a	Purchase	79,885	a	1
				Trade payables	44,550	a	-
1	TXC (Ningbo) Corporation	TXC (Chongqing) Limited	c	Sales	13,663	c	-
				Purchase	148,084	c	2
				Trade receivables	5,738	c	-
				Trade payables	87,253	c	-
		TETC CORP. NINGBO	c	Sales	65,615	c	1
				Trade receivables	73,546	c	-
				Other receivables	152,691	c	1
		Taiwan Crystal Technology (HK) Limited	c	Purchase	18,684	c	-
				Trade payables	10,221	c	-

Note 1: a. Represent the transactions from parent company to subsidiary.
c. Represent the transactions between subsidiaries.

Note 2: For the six months ended June 30, 2021, the selling price and purchasing price were not significantly different from those of third parties, except those for TXC (Ningbo) Corporation, TXC (Chongqing) Limited, TETC CORP. NINGBO and Taiwan Crystal Technology (HK) Limited, which is depending on its function within the Group.