

TAIFLEX SCIENTIFIC COMPANY LIMITED
AND SUBSIDIARIES

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

Address: No.1, Huanqu 3rd Rd., Qianzhen Dist., Kaohsiung City, Taiwan (R.O.C.)

Telephone: 886-7-813-9989

Notice to Readers

The English consolidated financial statements are not reviewed nor audited by independent auditors. They have been translated into English from the original Chinese version which are reviewed by independent auditors. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese version shall prevail.

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Independent Auditors' Review Report

To Taiflex Scientific Co., Ltd.

Introduction

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

Scope of review

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

Conclusion

Based on our reviews, we did not discover matters which would lead us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial status of Taiflex Group as of June 30, 2021 and 2020, its consolidated financial performance for the three months and six months ended June 30, 2021 and 2020, and its consolidated cash flows for the six months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards 34 "Interim Financial Reporting" endorsed and issued into effect by Financial Supervisory Commission.

Ernst & Young, Taiwan

July 29, 2021

TAIFLEX SCIENTIFIC COMPANY LIMITED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
June 30, 2021, December 31, 2020 and June 30, 2020
(Numbers as of June 30, 2021 and 2020 Are Reviewed, Not Audited)
(In Thousands of New Taiwan Dollars)

Assets	Notes	June 30, 2021	December 31, 2020	June 30, 2020
Current assets				
Cash and cash equivalents	4, 6(1)	\$ 1,650,322	\$ 1,793,632	\$ 2,693,368
Financial assets at fair value through profit or loss - current	4, 6(2)	28,021	29,832	39,042
Financial assets at amortized cost - current	4, 6(3)	114,861	138,719	215,332
Notes receivable, net	4, 6(4)	1,147,209	727,722	562,003
Accounts receivable, net	4, 6(5)	3,284,626	3,454,652	2,545,875
Other receivables	7	46,754	54,596	31,508
Inventories, net	4, 6(6)	1,938,088	1,282,343	1,120,874
Prepayments		108,037	77,403	150,037
Non-current assets held for sale	4, 6(7)	-	-	459,948
Other current assets	8	48,417	22,902	22,326
Total current assets		<u>8,366,335</u>	<u>7,581,801</u>	<u>7,840,313</u>
Non-current assets				
Financial assets at fair value through other comprehensive income - non-current	4, 6(8)	319,694	-	-
Investments accounted for under the equity method	4, 6(9)	46,078	40,984	47,765
Property, plant and equipment	4, 6(10)	3,153,942	3,176,745	3,132,765
Right-of-use assets	4, 6(21)	374,072	380,857	376,162
Intangible assets	4, 6(11,13)	157,947	124,053	123,752
Deferred income tax assets	4, 6(24)	203,253	200,958	223,794
Other non-current assets	4, 6(12)	14,473	26,517	26,688
Total non-current assets		<u>4,269,459</u>	<u>3,950,114</u>	<u>3,930,926</u>
Total assets		<u>\$ 12,635,794</u>	<u>\$ 11,531,915</u>	<u>\$ 11,771,239</u>

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

(Continued)

TAIFLEX SCIENTIFIC COMPANY LIMITED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS-(Continued)
June 30, 2021, December 31, 2020 and June 30, 2020
(Numbers as of June 30, 2021 and 2020 Are Reviewed, Not Audited)
(In Thousands of New Taiwan Dollars)

Liabilities and Equity	Notes	June 30, 2021	December 31, 2020	June 30, 2020
Current liabilities				
Short-term loans	6(14)	\$ 635,048	\$ 150,000	\$ 520,000
Financial liabilities at fair value through profit or loss - current	4, 6(15)	1,269	11,839	128
Contract liabilities - current	4, 6(19)	6,813	2,508	1,000
Notes payable		373	381	369
Accounts payable		1,945,811	1,747,887	1,292,829
Other payables	7	671,220	573,823	1,087,314
Current income tax liabilities	4, 6(24)	162,468	276,047	193,630
Lease liabilities - current	4, 6(21)	15,538	16,600	14,841
Current portion of long-term loans	6(16)	50,000	25,000	-
Other current liabilities		3,049	2,387	697
Total current liabilities		<u>3,491,589</u>	<u>2,806,472</u>	<u>3,110,808</u>
Non-current liabilities				
Long-term loans	6(16)	592,232	539,000	873,370
Deferred income tax liabilities	4, 6(24)	100,157	89,642	76,031
Lease liabilities – non-current	4, 6(21)	253,083	256,652	255,508
Net defined benefit liabilities - non-current	4, 6(17)	264,896	261,958	223,157
Other non-current liabilities	4, 12	255	255	209,880
Total non-current liabilities		<u>1,210,623</u>	<u>1,147,507</u>	<u>1,637,946</u>
Total liabilities		<u>4,702,212</u>	<u>3,953,979</u>	<u>4,748,754</u>
Equity attributable to shareholders of the parent				
Capital	6(18)			
Common stock		2,091,197	2,091,197	2,091,197
Capital surplus	6(18)	1,075,567	1,066,147	1,066,049
Retained earnings				
Legal capital reserve		939,900	939,900	939,900
Special capital reserve		230,993	230,993	230,993
Unappropriated earnings		3,735,107	3,365,926	2,871,955
Total retained earnings		<u>4,906,000</u>	<u>4,536,819</u>	<u>4,042,848</u>
Others	4	<u>(263,100)</u>	<u>(234,299)</u>	<u>(285,756)</u>
Total equity attributable to shareholders of the parent		<u>7,809,664</u>	<u>7,459,864</u>	<u>6,914,338</u>
Non-controlling interests	4, 6(18)	123,918	118,072	108,147
Total equity		<u>7,933,582</u>	<u>7,577,936</u>	<u>7,022,485</u>
Total liabilities and equity		<u>\$ 12,635,794</u>	<u>\$ 11,531,915</u>	<u>\$ 11,771,239</u>

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

(Concluded)

TAIFLEX SCIENTIFIC COMPANY LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Three Months and Six Months Ended June 30, 2021 and 2020
(Reviewed, Not Audited)
(In Thousands of New Taiwan Dollars)

	Notes	Three Months Ended June 30		Six Months Ended June 30	
		2021	2020	2021	2020
Net revenue	4, 6(19)	\$ 2,372,276	\$ 2,055,643	\$ 4,574,751	\$ 3,669,692
Cost of revenue	4, 6(6,22)	(1,787,460)	(1,588,462)	(3,482,223)	(2,862,434)
Gross profit		584,816	467,181	1,092,528	807,258
Operating expenses	4, 6(22)				
Sales and marketing expenses		(124,878)	(97,067)	(248,563)	(183,401)
General and administrative expenses		(107,141)	(75,477)	(203,260)	(141,812)
Research and development expenses		(80,121)	(67,053)	(149,806)	(128,571)
Expected credit gains	6(20)	471	3,247	1,658	3,842
Total operating expenses		(311,669)	(236,350)	(599,971)	(449,942)
Operating income		273,147	230,831	492,557	357,316
Non-operating income and expenses	6(23)				
Interest income		1,121	2,597	2,183	5,166
Other income		2,772	3,317	5,459	11,117
Other gains and losses		(22,359)	(18,465)	(1,187)	(46,003)
Finance costs		(4,591)	(5,356)	(8,190)	(10,038)
Share of profit or loss of associates accounted for under the equity method	4, 6(9)	(989)	(5,775)	(4,326)	(9,367)
Total non-operating income and expenses		(24,046)	(23,682)	(6,061)	(49,125)
Income before income tax		249,101	207,149	486,496	308,191
Income tax expense	4, 6(24)	(50,729)	(38,762)	(111,467)	(55,696)
Net income of continuing operations		198,372	168,387	375,029	252,495
Net income		198,372	168,387	375,029	252,495
Other comprehensive income (loss)	6(23)				
Items that will not be reclassified subsequently to profit or loss					
Unrealized loss on investments in equity instruments at fair value through other comprehensive income		(26,856)	-	(24,855)	-
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations		(20,784)	(36,429)	(4,935)	(68,708)
Income tax related to items that may be reclassified subsequently to profit or loss		4,157	7,286	987	13,742
Total other comprehensive income, net of tax		(43,483)	(29,143)	(28,803)	(54,966)
Total comprehensive income		\$ 154,889	\$ 139,244	\$ 346,226	\$ 197,529
Net income attributable to:	4, 6(18,25)				
Shareholders of the parent		\$ 196,132	\$ 167,163	\$ 369,181	\$ 250,712
Non-controlling interests		2,240	1,224	5,848	1,783
		\$ 198,372	\$ 168,387	\$ 375,029	\$ 252,495
Total comprehensive income attributable to:					
Shareholders of the parent		152,703	\$ 138,130	\$ 340,380	\$ 195,949
Non-controlling interests		2,186	1,114	5,846	1,580
		\$ 154,889	\$ 139,244	\$ 346,226	\$ 197,529
Earnings per share (NT\$)	4, 6(25)				
Earnings per share - basic		\$ 0.94	\$ 0.80	\$ 1.77	\$ 1.20
Earnings per share - diluted		\$ 0.93	\$ 0.80	\$ 1.76	\$ 1.20

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

TAIFLEX SCIENTIFIC COMPANY LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the Six Months Ended June 30, 2021 and 2020
(Reviewed, Not Audited)
(In Thousands of New Taiwan Dollars)

Item	Equity Attributable to Shareholders of the Parent									
	Retained Earnings					Others				
	Common Stock	Capital Surplus	Legal Capital Reserve	Special Capital Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Operations	Unrealized Gain/Loss on Financial Assets at Fair Value through Other Comprehensive Income	Total	Non- Controlling Interests	Total Equity
Balance as of January 1, 2020	\$ 2,091,197	\$ 1,342,759	\$ 882,821	\$ 166,117	\$ 2,994,142	\$ (224,393)	\$ (6,600)	\$ 7,246,043	\$ 106,567	\$ 7,352,610
Appropriation and distribution of 2019 earnings										
Legal capital reserve			57,079		(57,079)			-		-
Special capital reserve				64,876	(64,876)			-		-
Cash dividends for common stocks					(250,944)			(250,944)		(250,944)
Changes in other capital surplus										
Adjustments to share of changes in equities of associates		(4,855)						(4,855)		(4,855)
Cash dividends from capital surplus		(271,855)						(271,855)		(271,855)
Net income for the six months ended June 30, 2020					250,712			250,712	1,783	252,495
Other comprehensive income for the six months ended June 30, 2020						(54,763)		(54,763)	(203)	(54,966)
Total comprehensive income	-	-	-	-	250,712	(54,763)	-	195,949	1,580	197,529
Balance as of June 30, 2020	<u>\$ 2,091,197</u>	<u>\$ 1,066,049</u>	<u>\$ 939,900</u>	<u>\$ 230,993</u>	<u>\$ 2,871,955</u>	<u>\$ (279,156)</u>	<u>\$ (6,600)</u>	<u>\$ 6,914,338</u>	<u>\$ 108,147</u>	<u>\$ 7,022,485</u>
Balance as of January 1, 2021	\$ 2,091,197	\$ 1,066,147	\$ 939,900	\$ 230,993	\$ 3,365,926	\$ (227,699)	\$ (6,600)	\$ 7,459,864	\$ 118,072	\$ 7,577,936
Changes in other capital surplus										
Adjustments to share of changes in equities of associates		9,420						9,420		9,420
Net income for the six months ended June 30, 2021					369,181			369,181	5,848	375,029
Other comprehensive income for the six months ended June 30, 2021						(3,946)	(24,855)	(28,801)	(2)	(28,803)
Total comprehensive income	-	-	-	-	369,181	(3,946)	(24,855)	340,380	5,846	346,226
Balance as of June 30, 2021	<u>\$ 2,091,197</u>	<u>\$ 1,075,567</u>	<u>\$ 939,900</u>	<u>\$ 230,993</u>	<u>\$ 3,735,107</u>	<u>\$ (231,645)</u>	<u>\$ (31,455)</u>	<u>\$ 7,809,664</u>	<u>\$ 123,918</u>	<u>\$ 7,933,582</u>

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

TAIFLEX SCIENTIFIC COMPANY LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Six Months Ended June 30, 2021 and 2020
(Reviewed, Not Audited)
(In Thousands of New Taiwan Dollars)

	Six Months Ended June 30	
	2021	2020
Cash flows from operating activities:		
Income before income tax	\$ 486,496	\$ 308,191
Adjustments:		
Non-cash income and expense items:		
Depreciation	182,125	148,222
Amortization	11,080	9,989
Expected credit gains	(1,658)	(3,842)
Net gain on financial assets (liabilities) at fair value through profit or loss	(3,094)	(5,601)
Interest expense	8,190	10,038
Interest income	(2,183)	(5,166)
Share of loss of associates accounted for under the equity method	4,326	9,367
Loss (gain) on disposal of property, plant and equipment	2,633	(15)
Gain on reversal of impairment loss for non-financial assets	(2,879)	-
Others	45,063	13,514
Changes in operating assets and liabilities:		
(Increase) decrease in financial assets mandatorily at fair value through profit or loss	(5,665)	4,474
(Increase) decrease in notes receivable	(419,487)	186,648
Decrease in accounts receivable	171,688	50,445
Decrease (increase) in other receivables	7,536	(4,268)
Increase in inventories	(700,383)	(195,575)
Increase in prepayments	(24,442)	(35,439)
(Increase) decrease in other current assets	(3,957)	332
Increase in other non-current assets	-	(1,334)
Increase (decrease) in contract liabilities	4,305	(84)
(Decrease) increase in notes payable	(8)	11
Increase in accounts payable	197,924	459,589
Increase in other payables	71,701	32,993
Increase (decrease) in other current liabilities	662	(1,773)
Increase in net defined benefit liabilities	2,938	3,607
Cash generated from operations	<u>32,911</u>	<u>984,323</u>
Interest received	2,489	5,402
Interest paid	(5,386)	(7,690)
Income tax paid	<u>(215,839)</u>	<u>(27,605)</u>
Net cash (used in) generated by operating activities	<u>(185,825)</u>	<u>954,430</u>

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

(Continued)

TAIFLEX SCIENTIFIC COMPANY LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS-(Continued)
For the Six Months Ended June 30, 2021 and 2020
(Reviewed, Not Audited)
(In Thousands of New Taiwan Dollars)

	Six Months Ended June 30	
	2021	2020
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	\$ (344,549)	\$ -
Acquisition of financial assets at amortized cost	-	(166,332)
Disposal of financial assets at amortized cost	23,858	-
Acquisition of investments accounted for under the equity method	-	(12,517)
Acquisition of property, plant and equipment	(175,810)	(316,723)
Disposal of property, plant and equipment	1,677	15
Increase in refundable deposits	-	(8,396)
Decrease in refundable deposits	11,817	-
Acquisition of intangible assets	(557)	(5,917)
Increase in other current assets - other financial assets - current	(21,558)	-
Net cash used in investing activities	<u>(505,122)</u>	<u>(509,870)</u>
Cash flows from financing activities:		
Increase in short-term loans	485,048	-
Decrease in short-term loans	-	(220,000)
Increase in long-term loans	78,232	-
Repayment of long-term loans	-	(61,195)
Decrease in guarantee deposits received	-	(6,149)
Repayment of lease principal	(11,061)	(12,041)
Net cash generated by (used in) financing activities	<u>552,219</u>	<u>(299,385)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(4,582)</u>	<u>(36,328)</u>
Net (decrease) increase in cash and cash equivalents	(143,310)	108,847
Cash and cash equivalents at beginning of period	1,793,632	2,584,521
Cash and cash equivalents at end of period	<u>\$ 1,650,322</u>	<u>\$ 2,693,368</u>

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

(Concluded)

TAIFLEX SCIENTIFIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months Ended June 30, 2021 and 2020 and the Year Ended December 31, 2020
(Numbers for the Six Months Ended June 30, 2021 and 2020 Are Reviewed, Not Audited)
(In Thousands of New Taiwan Dollars, Unless Otherwise Specified)

1. History and Organization

Taiflex Scientific Company Limited (the “Company”) was incorporated in August, 1997. Its main operations consist of manufacturing, research and development, and selling of flexible copper-clad laminate and cover layer. The shares of the Company commenced trading on Taipei Exchange on December 19, 2003 and were listed on the Taiwan Stock Exchange on December 17, 2009.

2. Date and Procedures of Authorization of Financial Statements

The consolidated financial statements of the Company and its subsidiaries (the “Group”) for the six months ended June 30, 2021 and 2020 were approved and authorized for issue in the Board of Directors’ meeting on July 29, 2021.

3. Newly Issued or Revised Standards and Interpretations

(1) Changes in accounting policies due to first-time adoption of International Financial Reporting Standards

The Group has adopted International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC interpretations and SIC interpretations endorsed by the Financial Supervisory Commission (FSC) to take effect for annual periods beginning on January 1, 2021. The first-time adoption of the newly issued or revised standards and interpretations does not have any material impact on the Group.

(2) The Group has yet to adopt the following new, revised or amended standards and interpretations issued by International Accounting Standards Board (IASB) and endorsed by FSC:

No.	Projects of New or Amended Standards and Interpretations	Effective Date
IFRS 3, IAS 16 and IAS 37	Narrow-scope Amendments to IFRSs and Annual Improvements	January 1, 2022

A. Narrow-scope Amendments to IFRSs, Including Amendments to IFRS 3, IAS 16 and IAS 37, and Annual Improvements

(a) Updating the reference to the conceptual framework (Amendments to IFRS 3)

The amendments replace the old reference to the conceptual framework of financial reporting and update IFRS 3 with the latest reference published in March 2018. In addition, an exception is added to the recognition principle to avoid the possible “day 2” gains or losses from liabilities and contingent liabilities. The amendments also clarify the existing guidance of contingent assets not affected by the replaced reference to the conceptual framework.

(b) Property, plant and equipment: Proceeds before intended use (Amendments to IAS 16)

The amendments ban companies against deducting sales proceeds of items produced before assets are ready for their intended use from the cost of property, plant and

TAIFLEX SCIENTIFIC COMPANY LIMITED AND SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Reviewed, not Audited)

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

equipment. Instead, the proceeds and relevant costs shall be recognized in profit or loss.

(c) Onerous contracts – Cost of fulfilling a contract (Amendments to IAS 37)

The amendments clarify costs to be included when assessing whether a contract is onerous.

(d) Annual improvements to IFRSs 2018-2020 cycle

Amendments to IFRS 1

The amendments simplify the adoption of IFRS 1 concerning measurement of cumulative translation differences for a subsidiary that adopts IFRSs for the first time later than its parent company.

Amendments to IFRS 9 “Financial Instruments”

The amendments clarify fees included when companies assess whether new or amended contract clauses of financial liabilities are significantly different from the original financial liabilities.

Amendments to illustrative examples of IFRS 16 “Leases”

This is to amend lease incentives associated with leasehold improvement of lessees in illustrative example 13.

Amendments to IAS 41

The amendments remove the requirement to exclude cash flows from taxation when measuring fair value in order for the fair value measurement requirements in IAS 41 to be consistent with relevant requirements in other IFRSs.

The aforementioned new, revised or amended standards and interpretations are issued by IASB and endorsed by FSC to take effect for annual periods beginning on January 1, 2022. The potential effects of the new or amended standards or interpretations in paragraph A on the Group are under assessment; thus, they cannot be reasonably estimated.

- (3) As of the date of issuance of the financial statements, the Group has not adopted the following new, revised or amended standards and interpretations issued by IASB but not yet endorsed by FSC:

No.	Projects of New or Amended Standards and Interpretations	Effective Date
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
IAS 1	Classification of Liabilities as Current or Non-current	January 1, 2023
IAS 1	Disclosure Initiative – Accounting Policies	January 1, 2023
IAS 8	Definition of Accounting Estimates	January 1, 2023
IAS 12	Deferred Tax Related to Assets and Liabilities Arising from A Single Transaction	January 1, 2023

TAIFLEX SCIENTIFIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Reviewed, not Audited)

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

- A. Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The plan deals with the inconsistency between IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” in relation to the loss of control over a subsidiary that is contributed to an associate or a joint venture. IAS 28 states that when non-monetary assets are contributed in exchange for an interest in an associate or a joint venture, the share of gains or losses shall be eliminated in accordance with the treatments of a downstream transaction. However, IFRS 10 requires a full recognition of gains or losses arising from the loss of control over a subsidiary. The amendments place restrictions on the above-mentioned rules of IAS 28. The gains or losses from the sale or contribution of assets defined as a business under IFRS 3 shall be recognized in full.

The amendments also change IFRS 10 so that gains or losses arising from the sale or contributions of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture are recognized only to the extent of their shares owned by non-investors.

- B. IFRS 17 “Insurance Contracts”

The standard provides a comprehensive model for the insurance contracts, including all relevant accounting aspects (the principles of recognition, measurement, presentation and disclosure). The core of IFRS 17 is the General Model where a group of insurance contracts is measured at the sum of fulfilment cash flows and contractual service margin at initial recognition. At the end of each reporting period, the carrying amount of the groups of insurance contracts is the sum of liabilities for remaining coverage and incurred claims.

Besides the General Model, the specific approach for contracts with direct participation features (Variable Fee Approach) and the simplified approach for short-term contracts (Premium Allocation Approach) are also provided.

After the issuance of IFRS 17 in May 2017, amendments were released in June 2020. Besides deferring the effective date by 2 years (i.e., from January 1, 2021 to January 1, 2023) and providing additional exemptions in the transitional provisions, the amendments simplify some requirements to lower the implementation cost and revise some requirements to make explanations in certain circumstances easier. The adoption of IFRS 17 will replace the transitional provisions (i.e., IFRS 4 “Insurance Contracts”).

- C. Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

The amendments aim at paragraphs 69 to 76 of IAS 1 “Presentation of Financial Statements” where liabilities are classified as current or non-current.

- D. Disclosure Initiative – Accounting Policies (Amendments to IAS 1)

The amendments are to improve accounting policy disclosures so that investors and other primary users of the financial statements can obtain more useful information.

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E. Definition of Accounting Estimates (Amendments to IAS 8)

The amendments define accounting estimates and revise IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” to help companies distinguish between a change in an accounting policy and a change in an accounting estimate.

F. Deferred Tax Related to Assets and Liabilities Arising from A Single Transaction (Amendments to IAS 12)

The amendments narrow the scope of recognition exemption of deferred tax in paragraphs 15 and 24 of IAS 12 “Income Taxes” so that the exemption is no longer applicable to transactions that have the same taxable and deductible temporary differences on initial recognition.

For the aforementioned standards and interpretations issued by IASB but not yet endorsed by FSC, the effective dates are to be determined by FSC. The potential effects of the new, revised and amended standards or interpretations in paragraphs A and C to F on the Group are under assessment; thus, they cannot be reasonably estimated. The adoption of other newly issued or revised standards and interpretations does not have any material impact on the Group.

4. Summary of Significant Accounting Policies

(1) Statement of compliance

The consolidated financial statements for the six months ended June 30, 2021 and 2020 have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” endorsed and issued into effect by FSC.

(2) Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments measured at fair value. Unless otherwise stated, the numbers within are expressed in thousands of New Taiwan dollars.

(3) Basis of consolidation

Preparation principle of consolidated financial statements

The Group adopts the same preparation principle as the one used in the preparation of consolidated financial statements for the year ended December 31, 2020. Please refer to the consolidated financial statements for the year ended December 31, 2020 for details.

The consolidated entities are listed as follows:

Investor	Subsidiary	Main Business	Ownership Percentage		
			2021.6.30	2020.12.31	2020.6.30
The Company	Taistar Co., Ltd. (Taistar)	Investment holding	100.00%	100.00%	100.00%
The Company	Leadmax Ltd. (Leadmax)	Trading of electronic materials	100.00%	100.00%	100.00%
The Company	Koatech Technology Corporation (Koatech)	Manufacturing and selling of electronic materials and components	53.86%	53.86%	53.86%

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Investor	Subsidiary	Main Business	Ownership Percentage		
			2021.6.30	2020.12.31	2020.6.30
The Company	TFS Co., Ltd. (TFS)	Investment holding	100.00%	100.00%	100.00%
The Company	Taiflex Scientific Japan Co., Ltd. (Japan Taiflex)	Trading and technical support of electronic materials	100.00%	100.00%	100.00%
The Company	Taiflex USA Corporation (USA Taiflex)	Technical support and marketing of electronic materials	100.00%	100.00%	100.00%
The Company	Richstar Co., Ltd. (Richstar)	Investment holding	73.94%	69.29%	69.29%
The Company	Taichem Materials Co., Ltd. (Taichem Materials)	Manufacturing and selling of semiconductor materials	100.00%	100.00% (Note 1)	-
The Company	Taiflex Green Power Co., Ltd. (Taiflex Green Power)	Generation and selling of electricity from renewables	100.00% (Note 2)	-	-
Taistar	TSC International Ltd. (TSC)	Investment holding	100.00%	100.00%	100.00%
TSC	Kunshan Taiflex Electronic Co., Ltd. (Kunshan Taiflex Electronic)	Selling of chemical products, electronic materials and electronic components	100.00%	100.00%	100.00%
TFS	Richstar Co., Ltd. (Richstar)	Investment holding	26.06%	30.71%	30.71%
Richstar	Shenzhen Taiflex Electronic Co., Ltd. (Shenzhen Taiflex)	Trading of coating materials for high polymer film and copper foil	100.00%	100.00%	100.00%
Richstar	Rudong Fuzhan Scientific Co., Ltd. (Rudong Fuzhan)	Manufacturing and selling of electronic materials	100.00%	100.00%	100.00%
Koatech	KTC Global Co., Ltd. (KTC Global)	Investment holding	100.00%	100.00%	100.00%
KTC Global	KTC PanAsia Co., Ltd. (KTC PanAsia)	Investment holding	100.00%	100.00%	100.00%
KTC PanAsia	Kunshan Koatech Technology Corporation (Kunshan Koatech)	A wholesaler and a commission agent of electronic materials and components	100.00%	100.00%	100.00%

(Concluded)

Note 1: The Company spun off its operation in the manufacturing and selling of semiconductor materials to Taichem Materials and acquired 100% of the company on September 30, 2020.

Note 2: The Company established Taiflex Green Power and acquired 100% of the company on March 26, 2021.

- (4) The consolidated financial statements for the six months ended June 30, 2021 and 2020 adopt the same accounting policies as the ones used in the consolidated financial statements for the year ended December 31, 2020. Please refer to the consolidated financial statements for the year ended December 31, 2020 for a summary of other significant accounting policies.

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5. Critical Accounting Judgments and Major Sources of Estimation and Uncertainty

The same critical accounting judgments and major sources of estimation and uncertainty have been followed in the consolidated financial statements for the six months ended June 30, 2021 and 2020 as were applied in the preparation of the Group's consolidated financial statements for the year ended December 31, 2020. For a summary of critical accounting judgments and major sources of estimation and uncertainty, please refer to the consolidated financial statements for the year ended December 31, 2020.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	June 30, 2021	December 31, 2020	June 30, 2020
Cash on hand and petty cash	\$ 882	\$ 643	\$ 663
Bank deposits	1,649,440	1,792,989	2,692,705
Total	<u>\$ 1,650,322</u>	<u>\$ 1,793,632</u>	<u>\$ 2,693,368</u>

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

	June 30, 2021	December 31, 2020	June 30, 2020
Mandatorily at fair value through profit or loss:			
Derivative instruments not designated in a hedging relationship			
- Forward foreign exchange contracts	\$ 1,286	\$ 423	\$ 5,975
- Foreign exchange swap contracts	-	-	348
Stocks	26,735	29,409	32,719
Total	<u>\$ 28,021</u>	<u>\$ 29,832</u>	<u>\$ 39,042</u>

The Group's financial assets at fair value through profit or loss were not pledged.

(3) Financial assets at amortized cost – current

	June 30, 2021	December 31, 2020	June 30, 2020
Time deposits – current	\$ 98,800	\$ 79,000	\$ 98,800
Restricted bank deposits	16,061	59,719	116,532
Total	<u>\$ 114,861</u>	<u>\$ 138,719</u>	<u>\$ 215,332</u>

Some financial assets were classified as financial assets at amortized cost by the Group and they were not pledged. Please refer to Note 12 for information concerning credit risk.

The Group has been approved by the National Taxation Bureau under Ministry of Finance pursuant to the “Regulations on Industries Investment from Repatriated Offshore Funds” with investment plans approved by the Ministry of Economic Affairs. In accordance with the Regulations, the money cannot be used for purposes other than the ones approved by the competent authorities.

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(4) Notes receivable

	June 30, 2021	December 31, 2020	June 30, 2020
Notes receivable, net	\$ 1,147,209	\$ 727,722	\$ 562,003

The Group's notes receivables were not pledged.

The Group adopted IFRS 9 for impairment assessment. Please refer to Note 6(20) for details on loss allowance and Note 12 for credit risk.

(5) Accounts receivable

	June 30, 2021	December 31, 2020	June 30, 2020
Accounts receivable	\$ 3,331,337	\$ 3,503,025	\$ 2,597,242
Less: Loss allowance	(46,711)	(48,373)	(51,367)
Accounts receivable, net	\$ 3,284,626	\$ 3,454,652	\$ 2,545,875

A. The Group's accounts receivables were not pledged.

B. The credit terms of accounts receivables are generally set at 60 to 180 days from the end of month. The gross carrying amounts were NT\$3,331,337 thousand, NT\$3,503,025 thousand and NT\$2,597,242 thousand as of June 30, 2021, December 31, 2020 and June 30, 2020, respectively. Please refer to Note 6(20) for loss allowance for the six months ended June 30, 2021 and 2020 and Note 12 for credit risk.

C. The Group entered into factoring agreements without recourse with banks for accounts receivable selected. The details as of June 30, 2021, December 31, 2020 and June 30, 2020 were as follows:

June 30, 2021				
	Amount of Accounts Receivable	Amount of Factoring	Condition	Unreceived Amount (Recorded as Other Receivables)
CTBC Bank	US\$1,202 thousand	US\$1,202 thousand	Without recourse	-
Taishin International Bank	US\$2,396 thousand	US\$2,396 thousand	Without recourse	-
Taipei Fubon Bank	US\$ 527 thousand	US\$ 527 thousand	Without recourse	-
December 31, 2020				
	Amount of Accounts Receivable	Amount of Factoring	Condition	Unreceived Amount (Recorded as Other Receivables)
CTBC Bank	US\$ 623 thousand	US\$ 623 thousand	Without recourse	-
Taishin International Bank	US\$6,758 thousand	US\$6,758 thousand	Without recourse	-
Taipei Fubon Bank	US\$1,222 thousand	US\$1,222 thousand	Without recourse	-

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	June 30, 2020			
Factor	Amount of Accounts Receivable	Amount of Factoring	Condition	Unreceived Amount (Recorded as Other Receivables)
CTBC Bank	US\$2,955 thousand	US\$2,955 thousand	Without recourse	-
				(Concluded)

(6) Inventories

	June 30, 2021	December 31, 2020	June 30, 2020
Raw materials	\$ 748,198	\$ 586,792	\$ 403,310
Inventories in transit	87,121	88,121	74,073
Supplies	26,672	17,256	11,642
Work in process	145,937	-	101,170
Finished goods	477,413	366,149	297,052
Merchandise	452,747	224,025	233,627
Total	\$ 1,938,088	\$ 1,282,343	\$ 1,120,874

The Group recognized NT\$1,787,460 thousand, NT\$1,588,462 thousand, NT\$3,482,223 thousand and NT\$2,862,434 thousand of operating costs associated with inventories for the three months and six months ended June 30, 2021 and 2020, respectively. Inventory valuation loss for inventories written down to their net realizable value amounted to NT\$25,105 thousand, NT\$5,892 thousand, NT\$40,010 thousand and NT\$7,103 thousand for the three months and six months ended June 30, 2021 and 2020, respectively.

The aforementioned inventories were not pledged.

(7) Non-current assets held for sale

	June 30, 2021	December 31, 2020	June 30, 2020
<u>Non-current assets held for sale</u>			
Property, plant and equipment	\$ -	\$ -	\$ 434,373
Right-of-use assets	-	-	18,016
Other non-current assets	-	-	7,559
Total	\$ -	\$ -	\$ 459,948

The subsidiary, Kunshan Taiflex Electronic Co., Ltd., had resolved to sell its property, plant and equipment, right-of-use assets - land and other non-current assets to a non-related party, Flexium Interconnect (Kunshan) Inc., in the Board of Directors' meeting on December 12, 2019. Thus, these assets were classified as non-current assets held for sale. The handover of these property, plant and equipment, right-of-use assets - land and other non-current assets was completed in the third quarter of 2020 with proceeds of RMB 138,710 thousand (approximately NT\$590,835 thousand with net proceeds of NT\$482,187 thousand after deducting relevant expenses and land value increment tax.) As of June 30, 2021, the uncollected amount was RMB 2,000 thousand (approximately NT\$8,623 thousand and recognized under other receivables). As of the date of this financial report, the final payment was still pending for collection.

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(8) Financial assets at fair value through other comprehensive income - non-current

	June 30, 2021	December 31, 2020	June 30, 2020
Equity instrument investments at fair value through other comprehensive income - non-current:			
Publicly traded stocks	\$ 319,694	\$ -	\$ -
Non-publicly traded stocks	-	-	-
Total	<u>\$ 319,694</u>	<u>\$ -</u>	<u>\$ -</u>

The said financial assets at fair value through other comprehensive income were not pledged. Please refer to Table 3 for details.

(9) Investments accounted for under the equity method

Investee	June 30, 2021		December 31, 2020		June 30, 2020	
	Amount	Ownership Percentage	Amount	Ownership Percentage	Amount	Ownership Percentage
Investments in associates:						
Innovision FlexTech Corp.	\$ 28,752	15.07%	\$ 28,835	15.07%	\$ 30,827	15.07%
Geckos Technology Corp.	17,326	29.19%	12,149	42.08%	16,938	42.08%
Total	<u>\$ 46,078</u>		<u>\$ 40,984</u>		<u>\$ 47,765</u>	

The aforementioned investments accounted for under the equity method were not pledged.

A. The shares of profit or loss of associates accounted for under the equity method based on the associates' unreviewed financial statements for the three months and six months ended June 30, 2021 and 2020 were as follows:

Investee	Three Months Ended June 30		Six Months Ended June 30	
	2021	2020	2021	2020
Innovision FlexTech Corp.	\$ 1,082	\$ (3,262)	\$ (82)	\$ (5,401)
Geckos Technology Corp.	(2,071)	(2,513)	(4,244)	(3,966)
Total	<u>\$ (989)</u>	<u>\$ (5,775)</u>	<u>\$ (4,326)</u>	<u>\$ (9,367)</u>

B. The Group accounted for Innovision FlexTech Corp. (Innovision) using the equity method as it had significant influence over the investee through ownership and representation on Innovision's board of directors.

C. Determinant on having only significant influence: Although the Group owns 29.19% of the voting power of Geckos Technology Corp., the other shareholders enjoy the advantage of relative majority in directing activities of the investee. Therefore, instead of control, the Group has only significant influence over Geckos Technology Corp.

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D. The summarized financial information of the Group's investments in associates was as follows:

	June 30, 2021	December 31, 2020	June 30, 2020
Total assets	\$ 459,112	\$ 440,882	\$ 499,390
Total liabilities	\$ 226,769	\$ 233,976	\$ 266,882

	Three Months Ended June 30		Six Months Ended June 30	
	2021	2020	2021	2020
Revenue	\$ 63,153	\$ 29,205	\$ 108,757	\$ 68,941
Net income (loss)	\$ 1,132	\$ (27,895)	\$ (11,092)	\$ (46,558)

(10) Property, plant and equipment

	June 30, 2021	December 31, 2020	June 30, 2020
Owner-occupied property, plant and equipment	\$ 3,153,942	\$ 3,176,745	\$ 3,132,765

A. Owner-occupied property, plant and equipment

	As of January 1, 2021	Additions	Disposals	Reclassification	Impairment Loss (Gain on Reversal)	Effect of Exchange Rate Changes	As of June 30, 2021
Cost							
Land	\$ 100,843	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,843
Buildings	1,639,242	74,541	-	-	-	(208)	1,713,575
Machinery and equipment	2,958,492	38,420	(62,472)	52,317	-	(150)	2,986,607
Hydropower equipment	438,521	5,663	-	-	-	(30)	444,154
Testing equipment	382,967	8,661	(40)	1,855	-	(14)	393,429
Miscellaneous equipment	386,551	3,375	(3,351)	(53,874)	-	(19)	332,682
Total	\$ 5,906,616	\$ 130,660	\$ (65,863)	\$ 298	\$ -	\$ (421)	\$ 5,971,290
Accumulated depreciation and impairment							
Buildings	\$ 472,642	\$ 35,314	\$ -	\$ -	\$ -	\$ (48)	\$ 507,908
Machinery and equipment	1,960,842	95,484	(58,162)	49,613	-	(62)	2,047,715
Hydropower equipment	244,201	9,957	-	-	-	(13)	254,145
Testing equipment	195,360	18,654	(40)	88	-	(13)	214,049
Miscellaneous equipment	278,077	11,992	(3,351)	(49,403)	(2,879)	(21)	234,415
Total	\$ 3,151,122	\$ 171,401	\$ (61,553)	\$ 298	\$ (2,879)	\$ (157)	\$ 3,258,232
Construction in progress and equipment awaiting inspection	421,251	70,586	-	(50,923)	-	(30)	440,884
Net	\$ 3,176,745						\$ 3,153,942

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	As of January 1, 2020	Additions	Disposals	Reclassification	Impairment Loss	Effect of Exchange Rate Changes	As of June 30, 2020
<u>Cost</u>							
Land	\$ 100,843	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,843
Buildings	1,257,430	1,520	-	3,874	-	-	1,262,824
Machinery and equipment	2,701,055	6,712	(8,664)	24,293	-	(3,300)	2,720,096
Hydropower equipment	383,262	926	(231)	2,660	-	(54)	386,563
Testing equipment	352,147	5,663	(2,139)	3,030	-	(200)	358,501
Miscellaneous equipment	354,851	3,620	(1,582)	8,382	-	(464)	364,807
Total	<u>\$ 5,149,588</u>	<u>\$ 18,441</u>	<u>\$ (12,616)</u>	<u>\$ 42,239</u>	<u>\$ -</u>	<u>\$ (4,018)</u>	<u>\$ 5,193,634</u>
<u>Accumulated depreciation and impairment</u>							
Buildings	\$ 417,369	\$ 26,366	\$ -	\$ -	\$ -	\$ -	\$ 443,735
Machinery and equipment	1,795,763	78,424	(8,664)	-	-	(495)	1,865,028
Hydropower equipment	228,887	7,085	(231)	-	-	-	235,741
Testing equipment	167,139	15,469	(2,139)	(46)	-	(28)	180,395
Miscellaneous equipment	262,713	9,144	(1,582)	-	-	(185)	270,090
Total	<u>\$ 2,871,871</u>	<u>\$ 136,488</u>	<u>\$ (12,616)</u>	<u>\$ (46)</u>	<u>\$ -</u>	<u>\$ (708)</u>	<u>\$ 2,994,989</u>
Construction in progress and equipment awaiting inspection	715,373	274,375	-	(42,691)	-	(12,937)	934,120
Net	<u>\$ 2,993,090</u>						<u>\$ 3,132,765</u>

B. Upon assessment, the Group determined that a part of other equipment had gains on reversal of impairment loss and recognized such gains of NT\$2,879 thousand for the six months ended June 30, 2021. The recoverable amount was measured at fair value less costs of disposal, and the fair value was classified as level 3.

C. Please refer to Note 8 for property, plant and equipment pledged.

(11) Intangible assets

	As of January 1, 2021	Additions	Reclassification	Effect of Exchange Rate Changes	As of June 30, 2021
<u>Cost</u>					
Trademarks	\$ 691	\$ -	\$ -	\$ -	\$ 691
Patents	47,677	143	-	-	47,820
Software cost	182,327	414	44,184	(4)	226,921
Goodwill	69,781	-	-	-	69,781
Total	<u>\$ 300,476</u>	<u>\$ 557</u>	<u>\$ 44,184</u>	<u>\$ (4)</u>	<u>\$ 345,213</u>

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	As of January 1, 2021	Additions	Reclassification	Effect of Exchange Rate Changes	As of June 30, 2021
<u>Accumulated amortization and impairment</u>					
Trademarks	\$ 436	\$ 25	\$ -	\$ -	\$ 461
Patents	39,880	416	-	-	40,296
Software cost	136,107	10,412	-	(10)	146,509
Total	176,423	\$ 10,853	\$ -	\$ (10)	187,266
Net	\$ 124,053				\$ 157,947

(Concluded)

	As of January 1, 2020	Additions	Reclassification	Effect of Exchange Rate Changes	As of June 30, 2020
<u>Cost</u>					
Trademarks	\$ 691	\$ -	\$ -	\$ -	\$ 691
Patents	47,336	76	-	-	47,412
Software cost	165,294	5,841	136	1,039	172,310
Goodwill	69,781	-	-	-	69,781
Total	\$ 283,102	\$ 5,917	\$ 136	\$ 1,039	\$ 290,194
<u>Accumulated amortization and impairment</u>					
Trademarks	\$ 379	\$ 30	\$ -	\$ -	\$ 409
Patents	39,052	403	-	-	39,455
Software cost	116,564	8,859	-	1,155	126,578
Total	155,995	\$ 9,292	\$ -	\$ 1,155	166,442
Net	\$ 127,107				\$ 123,752

(12) Other non-current assets

	June 30, 2021	December 31, 2020	June 30, 2020
Refundable deposits	\$ 13,395	\$ 25,212	\$ 24,885
Other non-current assets - other	1,078	1,305	1,803
Total	\$ 14,473	\$ 26,517	\$ 26,688

(13) Impairment testing of goodwill

Goodwill acquired through business combinations was allocated to each of the cash-generating units (CGU) which were expected to benefit from synergies, and impairment evaluation on recoverable amount of goodwill was conducted at each year end. The Group measured recoverable amount at fair value less costs of disposals. The adoption of fair value less costs of disposal was determined by using the comparative approach for evaluation. Fair value less costs of disposal took into account the recent transaction prices or announced land value of similar objects with comparability in the region and adjusted for factors including location, scale and purposes. It was a level-3 fair value. Based on the analysis, the Company determined that the goodwill of NT\$69,781 thousand was not impaired.

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Key assumption in calculating the fair value less costs of disposal

The calculation of CGUs' fair value less costs of disposal is most sensitive to the following assumption:

Transaction price of comparable object – the transaction price of comparable object is adjusted for conditions, transaction date, local factor, and individual factor.

Sensitivity to changes in assumption

For the evaluation of CGUs' fair value less costs of disposal, the management believes that no reasonably possible change in any of the above key assumption would cause the carrying value of the unit to materially exceed its recoverable amount.

(14) Short-term loans

	June 30, 2021	December 31, 2020	June 30, 2020
Unsecured bank loans	\$ 635,048	\$ 150,000	\$ 520,000

The interest rate ranges of loans were 0.68% to 1.20%, 0.73% and 0.73% to 0.82% and the unused short-term credit facilities amounted to NT\$2,546,529 thousand, NT\$2,998,806 thousand and NT\$2,773,580 thousand as of June 30, 2021, December 31, 2020 and June 30, 2020, respectively.

(15) Financial liabilities at fair value through profit or loss - current

	June 30, 2021	December 31, 2020	June 30, 2020
Held for trading:			
Derivative instruments not designated in a hedging relationship			
- Forward foreign exchange contracts	\$ 1,061	\$ 11,294	\$ 128
- Foreign exchange swap contracts	208	545	-
Total	\$ 1,269	\$ 11,839	\$ 128

(16) Long-term loans

Details of long-term loans as of June 30, 2021, December 31, 2020 and June 30, 2020 were as follows:

Creditor	2021.06.30	Contract Term and Repayment
Bank of Taiwan – syndicated loan	\$ 139,320	2020.10.29 – 2025.10.28, revolving for five years from the initial drawdown date with monthly interest payment
Export-Import Bank of the Republic of China – credit loan	150,000	2019.6.28 – 2024.6.28, non-revolving for five years from the initial drawdown date, principal to be repaid in 6 equal semiannual installments after the grace period of 30 months with quarterly interest payment
Mizuho Bank – credit loan	60,000	2020.10.5 – 2022.10.5, revolving for 2 years after the commencement date with monthly interest payment
Mizuho Bank – credit loan	90,000	2020.10.5 – 2022.10.5, revolving for 2 years after the commencement date with monthly interest payment
DBS Bank Ltd – credit loan	83,592	2021.2.21 – 2023.2.21, revolving for 2 years after the commencement date with interests paid at the end of the loan period

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Creditor	2021.06.30	Contract Term and Repayment
Taishin International Bank - collateral loan	\$ 33,370	2020.2.25 – 2025.2.25, principal to be repaid by the remaining term with monthly interest payment
Taishin International Bank - collateral loan	90,000	2020.2.25 – 2025.2.25, principal to be repaid by the remaining term with monthly interest payment
Subtotal	646,282	
Less: current portion	(50,000)	
Less: unamortized syndicated loan fee	(4,050)	
Total	<u>\$ 592,232</u>	

Creditor	2020.12.31	Contract Term and Repayment
Bank of Taiwan – syndicated loan	\$ 140,630	2020.10.29 – 2025.10.28, revolving for five years from the initial drawdown date with monthly interest payment
Export-Import Bank of the Republic of China – credit loan	150,000	2019.6.28 – 2024.6.28, non-revolving for five years from the initial drawdown date, principal to be repaid in 6 equal semiannual installments after the grace period of 30 months with quarterly interest payment
Mizuho Bank – credit loan	90,000	2020.10.5 – 2022.10.5, revolving for 2 years after the commencement date with monthly interest payment
Mizuho Bank – credit loan	60,000	2020.10.5 – 2022.10.5, revolving for 2 years after the commencement date with monthly interest payment
Taishin International Bank - collateral loan	33,370	2020.2.25 – 2025.2.25, principal to be repaid by the remaining term with monthly interest payment
Taishin International Bank - collateral loan	90,000	2020.2.25 – 2025.2.25, principal to be repaid by the remaining term with monthly interest payment
Subtotal	564,000	
Less: current portion	(25,000)	
Total	<u>\$ 539,000</u>	

Creditor	2020.06.30	Contract Term and Repayment
Export-Import Bank of the Republic of China – credit loan	\$ 150,000	2019.6.28 – 2024.6.28, non-revolving for five years from the initial drawdown date, principal to be repaid in 6 equal semiannual installments after the grace period of 30 months with quarterly interest payment
Export-Import Bank of the Republic of China – credit loan	300,000	2019.6.28 – 2024.6.28, non-revolving for five years from the initial drawdown date, principal to be repaid in 6 equal semiannual installments after the grace period of 30 months with quarterly interest payment
Mizuho Bank – credit loan	60,000	2019.10.5 – 2021.10.5, revolving for 2 years after the commencement date with monthly interest payment
Mizuho Bank – credit loan	150,000	2019.10.5 – 2021.10.5, revolving for 2 years after the commencement date with monthly interest payment
Mizuho Bank – credit loan	90,000	2019.10.5 – 2021.10.5, revolving for 2 years after the commencement date with monthly interest payment
Taishin International Bank - collateral loan	33,370	2020.2.25 – 2025.2.25, principal to be repaid by the remaining term with monthly interest payment
Taishin International Bank - collateral loan	90,000	2020.2.25 – 2025.2.25, principal to be repaid by the remaining term with monthly interest payment
Subtotal	873,370	
Less: current portion	-	
Total	<u>\$ 873,370</u>	

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- A. The interest rate ranges of loans were 0.70% to 1.2269%, 0.80% to 1.2645% and 0.80% to 1.20% as of June 30, 2021, December 31, 2020 and June 30, 2020, respectively. Please refer to Note 8 for collateral of the long-term loans.
- B. In July 2020, the Group entered into a syndicated loan agreement with eight financial institutions, including the Bank of Taiwan (bookrunner), for a loan facility of NT\$2.5 billion or the equivalent in U.S. dollars. The contract term was five years from the initial drawdown date, i.e., October 2020 to October 2025 and the credit term of the agreement was mid-term loans - current. During the loan term, the Group was required to calculate and maintain the following financial ratios at an agreed level based on the consolidated financial statements audited by CPAs every six months: current ratio, debt ratio, interest coverage ratio and tangible net value. The Group has abided by those terms.

(17) Post-employment benefit plans

A. Defined contribution plan

Expenses under the defined contribution plan were NT\$7,409 thousand and NT\$6,400 thousand for the three months ended June 30, 2021 and 2020, respectively; and NT\$14,642 thousand and NT\$12,775 thousand for the six months ended June 30, 2021 and 2020, respectively.

B. Defined benefit plan

Expenses under the defined benefit plan were NT\$2,329 thousand and NT\$2,491 thousand for the three months ended June 30, 2021 and 2020, respectively; and NT\$4,225 thousand and NT\$4,980 thousand for the six months ended June 30, 2021 and 2020, respectively.

(18) Equity

A. Capital

- (a) The Company's authorized capital was NT\$3,000,000 thousand, divided into 300,000 thousand shares (including 15,000 thousand shares with the amount of NT\$150,000 thousand reserved for the exercise of employee stock options, preferred stock with warrants and bond with warrants), each at a par value of NT\$10 as of June 30, 2021, December 31, 2020 and June 30, 2020.
- (b) The Company's issued capital was NT\$2,091,197 thousand, divided into 209,120 thousand shares, each at a par value of NT\$10 as of June 30, 2021, December 31, 2020 and June 30, 2020, respectively.

B. Capital surplus

	June 30, 2021	December 31, 2020	June 30, 2020
Additional paid-in capital	\$ 666,479	\$ 666,479	\$ 666,479
Premium from merger	262,500	262,500	262,500
Donated assets	1,970	1,970	1,970
Treasury stock transactions	27,280	27,280	27,280
Others	117,338	107,918	107,820
Total	<u>\$ 1,075,567</u>	<u>\$ 1,066,147</u>	<u>\$ 1,066,049</u>

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According to laws and regulations, capital surplus shall not be used except for making good the deficit of the company. When a company incurs no loss, it may distribute capital surplus related to income derived from issuance of new shares at a premium or income from endowments received by the company as stock dividends up to a certain percentage of paid-in capital. The said capital surplus could also be distributed in the form of cash dividends to shareholders in proportion to the number of shares being held by each of them.

C. Appropriation of profits and dividend policies

The Articles of Incorporation state that current year's earnings, if any, shall be distributed in the following order:

- (a) Taxes and dues.
- (b) Deficit compensation.
- (c) 10% of net profit as legal capital reserves. However, this shall not apply when the accumulated legal capital reserve has equaled total paid-in capital.
- (d) Special capital reserve appropriated or reversed as stipulated by relevant laws and regulations or the competent securities authorities.
- (e) For the remaining profits, if any, the Board of Directors shall draft a proposal for the distribution of bonus to shareholders and submit it to the shareholders' meeting for resolution.

After taking into account the environment and development stage of the Company, the needs of capital in the future, long-term financial planning and shareholders' demand for cash, the Board of Directors shall draw up an earnings distribution proposal based on the distributable earnings and submit it to the shareholders' meeting for approval. At least forty percent of the distributable earnings shall be appropriated as shareholders' dividends. The cash dividend shall not be lower than 10 percent of the total dividends and shall be capped at 100 percent.

The Company complies with Order No. Jin-Guan-Zheng-Fa-1090150022 issued by the FSC on March 31, 2021, which sets out the following provisions: On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside special capital reserves. Later when the company uses, disposes of, or reclassifies the relevant assets, it may reverse to distributable earnings a proportional amount of the special capital reserves originally set aside.

As of June 30, 2021 and 2020, special capital reserve set aside for the first-time adoption of IFRS amounted to NT\$75,546 thousand.

Information about the appropriation of 2020 and 2019 earnings resolved in the shareholders' meetings on July 16, 2021 and May 28, 2020, respectively, was as follows:

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	Appropriation of Earnings		Dividend per Share (NT\$)	
	2020	2019	2020	2019
Legal capital reserve	\$ 74,468	\$ 57,079	-	-
Special capital reserve	3,306	64,876	-	-
Cash dividends - common stocks	522,799	250,944	\$ 2.50	\$ 1.20

The shareholders' meeting on May 28, 2020 resolved to distribute NT\$271,855 thousand from capital surplus to shareholders in the form of cash. Shareholders are entitled to receive NT\$1.3 per share.

Please refer to Note 6(22) for information on the accrual basis and the amounts recognized for compensation to employees and remuneration to directors.

D. Non-controlling interests (NCI)

	Six Months Ended June 30	
	2021	2020
Beginning balance	\$ 118,072	\$ 106,567
Net income attributable to NCI	5,848	1,783
Other comprehensive income attributable to NCI:		
Exchange differences arising on translation of foreign operations	(2)	(203)
Ending balance	\$ 123,918	\$ 108,147

(19) Revenue

	Three Months Ended June 30		Six Months Ended June 30	
	2021	2020	2021	2020
Revenue from sale of goods	\$ 2,372,276	\$ 2,055,643	\$ 4,574,751	\$ 3,669,692

A. Contract balance:

	June 30, 2021	December 31, 2020	June 30, 2020	December 31, 2019
Contract liabilities - current				
Sale of goods	\$ 6,813	\$ 2,508	\$ 1,000	\$ 1,084

Beginning balance of contract liabilities reclassified to revenue amounted to NT\$2,508 thousand and NT\$1,073 thousand for the six months ended June 30, 2021 and 2020, respectively.

(20) Expected credit gains

	Three Months Ended June 30		Six Months Ended June 30	
	2021	2020	2021	2020
Operating expenses – expected credit gains				
Accounts receivable	\$ (471)	\$ (3,247)	\$ (1,658)	\$ (3,842)

Please refer to Note 12 for information concerning credit risk.

For receivables (including notes and accounts receivables), the Group measured the loss allowance at an amount equal to lifetime expected credit losses. The assessment on the loss allowance as of June 30, 2021, December 31, 2020 and June 30, 2020 was as follows:

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June 30, 2021

	Not Past Due (Note)	Past Due			Total
		Within 90 Days	91-180 Days	Over 181 Days	
Gross carrying amount	\$ 4,332,822	\$ 120,132	\$ 1,101	\$ 24,491	\$ 4,478,546
Loss ratio	0%~1%	3%~20%	20%~50%	50%~100%	
Lifetime expected credit losses	17,456	4,872	220	24,163	46,711
Subtotal	\$ 4,315,366	\$ 115,260	\$ 881	\$ 328	\$ 4,431,835

December 31, 2020

	Not Past Due (Note)	Past Due			Total
		Within 90 Days	91-180 Days	Over 181 Days	
Gross carrying amount	\$ 4,069,090	\$ 136,397	\$ -	\$ 25,260	\$ 4,230,747
Loss ratio	0%~1%	3%~10%	20%~50%	50%~100%	
Lifetime expected credit losses	18,406	4,842	-	25,125	48,373
Subtotal	\$ 4,050,684	\$ 131,555	\$ -	\$ 135	\$ 4,182,374

June 30, 2020

	Not Past Due (Note)	Past Due			Total
		Within 90 Days	91-180 Days	Over 181 Days	
Gross carrying amount	\$ 3,071,995	\$ 56,553	\$ 4,565	\$ 26,132	\$ 3,159,245
Loss ratio	0%~1%	3%~20%	20%~50%	50%~100%	
Lifetime expected credit losses	21,316	3,006	913	26,132	51,367
Subtotal	\$ 3,050,679	\$ 53,547	\$ 3,652	\$ -	\$ 3,107,878

Note: None of the Group's notes receivables was overdue.

The movements in the loss allowance for receivables in the six months ended June 30, 2021 and 2020 were as follows:

	Receivables	Other Non-current Assets	Total
Balance as of January 1, 2021	\$ 48,373	\$ -	\$ 48,373
Reversal in the current period	(1,658)	-	(1,658)
Write off	-	-	-
Effect of exchange rate changes	(4)	-	(4)
Balance as of June 30, 2021	\$ 46,711	\$ -	\$ 46,711

	Receivables	Other Non-current Assets	Total
Balance as of January 1, 2020	\$ 56,168	\$ 4,101	\$ 60,269
Reversal in the current period	(3,842)	-	(3,842)
Write off	-	-	-
Effect of exchange rate changes	(959)	-	(959)
Balance as of June 30, 2020	\$ 51,367	\$ 4,101	\$ 55,468

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(21) Leases

A. The Group being a lessee

The Group leased various assets, including property (land and buildings) and transportation equipment. The lease terms of these contracts ranged between 2 and 50 years.

The effects of leases on financial status, financial performance and cash flows of the Group were as follows:

(a) Amounts recognized in the balance sheets

(i) Right-of-use assets

The carrying amount of right-of-use assets

	June 30, 2021	December 31, 2020	June 30, 2020
Land	\$ 346,477	\$ 350,777	\$ 351,835
Buildings	13,828	17,442	10,482
Transportation equipment	13,767	12,638	13,845
Total	<u>\$ 374,072</u>	<u>\$ 380,857</u>	<u>\$ 376,162</u>

The Group's right-of-use assets increased by NT\$11,110 thousand and NT\$9,548 thousand for the six months ended June 30, 2021 and 2020, respectively.

(ii) Lease liabilities

	June 30, 2021	December 31, 2020	June 30, 2020
Current	\$ 15,538	\$ 16,600	\$ 14,841
Non-current	253,083	256,652	255,508
Lease liabilities	<u>\$ 268,621</u>	<u>\$ 273,252</u>	<u>\$ 270,349</u>

Please refer to Note 6(23)C Finance costs for details on interest expenses of lease liabilities for the three months and six months ended June 30, 2021 and 2020, and Note 12(5) Liquidity risk management for the maturity analysis on lease liabilities as of June 30, 2021 and 2020.

(b) Amounts recognized in the statements of comprehensive income

Depreciation of right-of-use assets

	Three Months Ended June 30		Six Months Ended June 30	
	2021	2020	2021	2020
Land	\$ 2,120	\$ 2,104	\$ 4,240	\$ 4,211
Buildings	1,539	2,073	3,078	3,384
Transportation equipment	1,734	2,060	3,406	4,139
Total	<u>\$ 5,393</u>	<u>\$ 6,237</u>	<u>\$ 10,724</u>	<u>\$ 11,734</u>

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(c) Lessee's income and expenses associated with leasing activities

	Three Months Ended June 30		Six Months Ended June 30	
	2021	2020	2021	2020
Expense of short-term leases	\$ 7,046	\$ 4,220	\$ 11,397	\$ 7,929
Expense of leases of low value assets (excluding short-term leases of low value assets)	1,143	171	2,321	390

The Group recognized NT\$0 thousand, NT\$203 thousand, NT\$0 thousand and NT\$203 thousand in profit or loss for rent concessions arising as a direct consequence of the COVID-19 pandemic for the three months and six months ended June 30, 2021 and 2020, respectively, to reflect changes in lease payments due to the adoption of relevant practical expedient.

(d) Lessee's cash outflows associated with leasing activities

The Group's cash outflows from leases amounted to NT\$24,779 thousand and NT\$20,360 thousand for the six months ended June 30, 2021 and 2020, respectively.

(e) Other information associated with leasing activities

Options to extend or terminate the lease

Some of the Group's property leases contain options to extend or terminate the leases. When determining the lease term, it shall be the non-cancellable period where the lessee has the right to use the underlying asset, together with periods covered by an option to extend the lease where the Group is reasonably certain to exercise that option and periods covered by an option to terminate the lease where the Group is reasonably certain not to exercise that option. The use of those options can maximize the flexibility in managing the contracts. The majority of options to extend or terminate the leases can only be exercised by the Group. The Group would reassess the lease periods when a significant event or a significant change in circumstances occurs (that is within the control of the lessee and affects whether the Group is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in its determination of the lease term) after the commencement date.

(22) Summary statement of employee benefits, depreciation and amortization expenses by function:

Function \ Nature	Three Months Ended June 30					
	2021			2020		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries	128,803	109,432	238,235	105,338	86,415	191,753
Labor and health insurance	11,832	7,621	19,453	8,817	5,974	14,791

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Function Nature	Three Months Ended June 30					
	2021			2020		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Pension	5,821	3,917	9,738	5,036	3,855	8,891
Remuneration to directors	-	5,560	5,560	-	4,743	4,743
Other employee benefits expense	14,287	7,199	21,486	9,991	10,179	20,170
Depreciation	75,357	15,475	90,832	69,043	6,128	75,171
Amortization	805	5,270	6,075	1,148	3,915	5,063

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Function Nature	Six Months Ended June 30					
	2021			2020		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries	247,484	215,208	462,692	193,275	160,046	353,321
Labor and health insurance	24,191	15,681	39,872	18,707	12,858	31,565
Pension	11,282	7,585	18,867	10,145	7,610	17,755
Remuneration to directors	-	10,715	10,715	-	6,706	6,706
Other employee benefits expense	27,091	14,347	41,438	18,580	16,696	35,276
Depreciation	151,516	30,609	182,125	135,961	12,261	148,222
Amortization	1,644	9,436	11,080	2,421	7,568	9,989

According to the Company's Articles of Incorporation, when the Company makes a profit for the year, the compensation to employees shall not be lower than five percent of the balance and the remuneration to directors shall not be higher than four percent of the balance. However, if the Company has an accumulated deficit, the profit shall cover the deficit before it can be used for compensation to employees and remuneration to directors. The above-mentioned compensation to employees can be made in the form of stock or cash by a resolution adopted by a majority vote at a Board of Directors' meeting attended by at least two-thirds of the total number of directors. A report of such distribution shall be submitted to the shareholders' meeting. Information on the compensation to employees and remuneration to directors resolved or reported at the meetings of Board of Directors and shareholders is available at the Market Observation Post System website.

Based on profitability, the compensation to employees and remuneration to directors accrued for the six months ended June 30, 2021 and 2020 were as follows:

	Six Months Ended June 30	
	2021	2020
Compensation to employees	\$ 38,071	\$ 23,530
Remuneration to directors	10,438	6,433

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If the Board of Directors resolved to distribute compensation to employees in the form of stock, the closing price of stocks on the date preceding the resolution shall be the basis in calculating the number of stocks to be distributed. If the amount accrued differed from the amount resolved in the Board of Directors' meeting, the difference would be recognized in the profit or loss of the following year.

Details of 2020 and 2019 compensation to employees and remuneration to directors reported in the shareholders' meetings on July 16, 2021 and May 28, 2020, respectively, were as follows:

	Years Ended December 31	
	2020	2019
Compensation to employees	\$ 75,524	\$ 64,632
Remuneration to directors	20,651	17,673

The above-mentioned 2020 and 2019 compensation to employees and remuneration to directors reported in the shareholders' meetings were not significantly different from the amounts resolved in the Board of Directors' meetings on January 22, 2021 and January 10, 2020, respectively, and the amounts recognized as expenses in the financial statements.

(23) Non-operating income and expenses

A. Interest income

	Three Months Ended June 30		Six Months Ended June 30	
	2021	2020	2021	2020
Interest income	\$ 1,121	\$ 2,597	\$ 2,183	\$ 5,166

B. Other income

	Three Months Ended June 30		Six Months Ended June 30	
	2021	2020	2021	2020
Other income	\$ 2,772	\$ 3,317	\$ 5,459	\$ 11,117

C. Other gains and losses

	Three Months Ended June 30		Six Months Ended June 30	
	2021	2020	2021	2020
(Loss) gain on disposal of property, plant and equipment	\$ (2,971)	\$ 15	\$ (2,633)	\$ 15
Foreign exchange loss, net	(22,202)	(38,455)	(3,846)	(50,727)
Gain on reversal of impairment loss for non-financial assets	-	-	2,879	-
Gain on financial assets (liabilities) at fair value through profit or loss, net	3,178	20,142	3,094	5,601
Other losses	(364)	(167)	(681)	(892)
Total	\$ (22,359)	\$ (18,465)	\$ (1,187)	\$ (46,003)

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D. Finance costs

	Three Months Ended June 30		Six Months Ended June 30	
	2021	2020	2021	2020
Interest on bank borrowings	\$ (3,707)	\$ (3,986)	\$ (5,646)	\$ (7,463)
Interest on lease liabilities	(884)	(1,370)	(2,544)	(2,575)
Total	\$ (4,591)	\$ (5,356)	\$ (8,190)	\$ (10,038)

E. Components of other comprehensive income

For the three months ended June 30, 2021:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income	Income tax benefit (expense)	Other comprehensive income, net of tax
Items that will not be reclassified subsequently to profit or loss:					
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	\$ (26,856)	\$ -	\$ (26,856)	\$ -	\$ (26,856)
Items that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of foreign operations	(20,784)	-	(20,784)	4,157	(16,627)
Total	\$ (47,640)	\$ -	\$ (47,640)	\$ 4,157	\$ (43,483)

For the three months ended June 30, 2020:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income	Income tax benefit (expense)	Other comprehensive income, net of tax
Items that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of foreign operations	\$ (36,429)	\$ -	\$ (36,429)	\$ 7,286	\$ (29,143)

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For the six months ended June 30, 2021:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income	Income tax benefit (expense)	Other comprehensive income, net of tax
Items that will not be reclassified subsequently to profit or loss:					
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	\$ (24,855)	\$ -	\$ (24,855)	\$ -	\$ (24,855)
Items that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of foreign operations	(4,935)	-	(4,935)	987	(3,948)
Total	<u>\$ (29,790)</u>	<u>\$ -</u>	<u>\$ (29,790)</u>	<u>\$ 987</u>	<u>\$ (28,803)</u>

For the six months ended June 30, 2020:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income	Income tax benefit (expense)	Other comprehensive income, net of tax
Items that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of foreign operations	\$ (68,708)	\$ -	\$ (68,708)	\$ 13,742	\$ (54,966)

(24) Income tax

A. The major components of income tax expense (benefit) were as follows:

Income tax recognized in profit or loss

	Three Months Ended June 30		Six Months Ended June 30	
	2021	2020	2021	2020
Current income tax expense:				
Current income tax expense	\$ 55,234	\$ 51,067	\$ 102,448	\$ 89,791
Income tax adjustments on prior years	(4,840)	(5,791)	(96)	(5,145)
Separate taxation for repatriated offshore funds	-	-	-	11,411
Effect of exchange rate changes	120	295	97	299

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	Three Months Ended June 30		Six Months Ended June 30	
	2021	2020	2021	2020
Deferred income tax expense (benefit):				
Income tax expense (benefit) relating to origination and reversal of temporary differences	\$ 215	\$ (6,809)	\$ 9,018	\$ (40,660)
Income tax expense	<u>\$ 50,729</u>	<u>\$ 38,762</u>	<u>\$ 111,467</u>	<u>\$ 55,696</u>

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Income tax recognized in other comprehensive income

	Three Months Ended June 30		Six Months Ended June 30	
	2021	2020	2021	2020
Deferred income tax (benefit):				
Exchange differences arising on translation of foreign operations	\$ (4,157)	\$ (7,286)	\$ (987)	\$ (13,742)
Income tax relating to components of other comprehensive income	<u>\$ (4,157)</u>	<u>\$ (7,286)</u>	<u>\$ (987)</u>	<u>\$ (13,742)</u>

B. The assessment of income tax returns:

As of June 30, 2021, the assessment of the Group's income tax returns in ROC was as follows:

	Assessment of Income Tax Returns
The Company	Assessed and approved up to 2019
Subsidiary – Koatech Technology Corporation	Assessed and approved up to 2019

(25) Earnings per share (EPS)

	Three Months Ended June 30, 2021		
	Amount after-tax	Weighted average number of outstanding shares (in thousands)	EPS (NT\$)
<u>Basic EPS</u>			
Net income attributable to common shareholders of the parent	\$ 196,132	209,120	<u>\$ 0.94</u>
<u>Diluted EPS</u>			
Effect of dilutive potential common stocks			
Employee compensation – stock	-	369	
Net income attributable to common shareholders of the parent and effect of potential common stocks	<u>\$ 196,132</u>	<u>209,489</u>	<u>\$ 0.93</u>

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	Three Months Ended June 30, 2020		
	Amount after-tax	Weighted average number of outstanding shares (in thousands)	EPS (NT\$)
<u>Basic EPS</u>			
Net income attributable to common shareholders of the parent	\$ 167,163	209,120	\$ 0.80
<u>Diluted EPS</u>			
Effect of dilutive potential common stocks			
Employee compensation – stock	-	341	
Net income attributable to common shareholders of the parent and effect of potential common stocks	\$ 167,163	209,461	\$ 0.80
	Six Months Ended June 30, 2021		
	Amount after-tax	Weighted average number of outstanding shares (in thousands)	EPS (NT\$)
<u>Basic EPS</u>			
Net income attributable to common shareholders of the parent	\$ 369,181	209,120	\$ 1.77
<u>Diluted EPS</u>			
Effect of dilutive potential common stocks			
Employee compensation – stock	-	712	
Net income attributable to common shareholders of the parent and effect of potential common stocks	\$ 369,181	209,832	\$ 1.76
	Six Months Ended June 30, 2020		
	Amount after-tax	Weighted average number of outstanding shares (in thousands)	EPS (NT\$)
<u>Basic EPS</u>			
Net income attributable to common shareholders of the parent	\$ 250,712	209,120	\$ 1.20
<u>Diluted EPS</u>			
Effect of dilutive potential common stocks			
Employee compensation – stock	-	480	
Net income attributable to common shareholders of the parent and effect of potential common stocks	\$ 250,712	209,600	\$ 1.20

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7. Related Party Transactions

Related parties transacted with the Group during the reporting period were as follows:

Names and relationships

Name	Relationship
Innatech Co., Ltd. (Innatech)	A substantive related party of the Group
SINYA Network System Integration Co., Ltd. (SINYA)	A substantive related party of the Group
Geckos Technology Corp. (Geckos)	An associate of the Group

(1) Other receivables – related parties

	June 30, 2021	December 31, 2020	June 30, 2020
Geckos	\$ 141	\$ 132	\$ 322

(2) Prepayments

	June 30, 2021	December 31, 2020	June 30, 2020
Innatech	\$ 871	\$ 777	\$ 308

(3) Other payables – related parties

	June 30, 2021	December 31, 2020	June 30, 2020
Innatech	\$ 2,842	\$ 6,701	\$ 4,422
SINYA	1,986	1,285	-
Total	\$ 4,828	\$ 7,986	\$ 4,422

(4) Property transaction

Acquisition of property, plant and equipment

	Three Months Ended June 30		Six Months Ended June 30	
	2021	2020	2021	2020
Innatech	\$ -	\$ 5,499	\$ -	\$ 5,499

Acquisition of intangible assets

	Three Months Ended June 30		Six Months Ended June 30	
	2021	2020	2021	2020
Innatech	\$ 40,963	\$ 401	\$ 40,963	\$ 401

Gain on sales of property, plant and equipment

	Three Months Ended June 30		Six Months Ended June 30	
	2021	2020	2021	2020
Geckos	\$ -	\$ 15	\$ -	\$ 15

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(5) Others

Rental income

	Three Months Ended June 30		Six Months Ended June 30	
	2021	2020	2021	2020
Geckos	\$ 450	\$ 450	\$ 900	\$ 900

Rents were determined through negotiation based on market prices. The collection term of rents from related parties were comparable with ones from non-related parties. Rents were collected on a monthly basis.

(6) Compensation to key management of the Group

	Three Months Ended June 30		Six Months Ended June 30	
	2021	2020	2021	2020
Short-term employee benefits	\$ 11,845	\$ 12,736	\$ 27,880	\$ 29,243
Post-employment benefits	116	151	199	300
Total	\$ 11,961	\$ 12,887	\$ 28,079	\$ 29,543

8. Pledged Assets

The following table listed assets of the Group pledged as collateral:

	Carrying Amount			Purpose of Pledge
	June 30, 2021	December 31, 2020	June 30, 2020	
Time deposits (Note)	\$ 41,639	\$ 20,081	\$ 20,031	Customs guarantee
Land	100,843	100,843	100,843	Long-term loans
Buildings	91,204	93,539	94,879	Letter of credit, short-term credit facilities and long-term loans
Total	\$ 233,686	\$ 214,463	\$ 215,753	

Note: These were recognized as other current assets - other.

9. Significant Contingent Liabilities and Unrecognized Contract Commitments

Details of the Group's unused letters of credit as of June 30, 2021 were as follows:

	L/C Balance	
NTD	NT\$	2,041 thousand
JPY	JPY	603,990 thousand
USD	US\$	16,539 thousand

10. Significant Disaster Loss

None.

11. Significant Subsequent Events

The Company had resolved to issue its first overseas unsecured convertible corporate bonds for a maximum of US\$70,000 thousand in the Board of Directors' meeting on July 29, 2021. The bond is to be issued at zero coupon rate over a period of five years.

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12. Others

(1) Categories of financial instruments

Financial assets

	June 30, 2021	December 31, 2020	June 30, 2020
Financial assets at fair value through profit or loss:			
Mandatorily at fair value through profit or loss	\$ 28,021	\$ 29,832	\$ 39,042
Financial assets at fair value through other comprehensive income	319,694	-	-
Financial assets at amortized cost:			
Cash and cash equivalents (excluding cash on hand)	1,649,440	1,792,989	2,692,705
Financial assets at amortized cost	114,861	138,719	215,332
Receivables	4,478,589	4,236,970	3,139,386
Other financial assets - current	41,639	20,081	20,031

Financial liabilities

	June 30, 2021	December 31, 2020	June 30, 2020
Financial liabilities at fair value through profit or loss:			
Held for trading	\$ 1,269	\$ 11,839	\$ 128
Financial liabilities at amortized cost:			
Short-term loans	635,048	150,000	520,000
Payables	2,617,404	2,322,091	2,380,512
Long-term loans (including current portion)	642,232	564,000	873,370
Lease liabilities (current and non-current)	268,621	273,252	270,349

(2) Objectives and policies of financial risk management

The Group's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Group identifies, measures, and manages the aforementioned risks based on its policy and risk preferences.

The Group has established appropriate policies, procedures and internal controls for the aforementioned financial risk management. Before entering into significant transactions, due approval process by the Board of Directors must be carried out based on related protocols and internal control procedures. The Group shall comply with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value or cash flows of a financial instrument will fluctuate because of the changes in market prices. Market risk comprises foreign currency risk, interest rate risk and other price risks.

In practice, it is rarely the case that a single risk variable will change independently from other risk variables. There are usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

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A. Foreign currency risk

The Group's exposure to foreign currency risk relates primarily to its operating activities (when revenue or expense are denominated in a different currency from the Group's functional currency) and net investments in foreign operations.

The Group has certain receivables denominated in the same foreign currency as certain payables; therefore, natural hedge is achieved. The Group also uses forward foreign exchange contracts to hedge the foreign currency risk on certain items denominated in foreign currencies. Hedge accounting is not applied as the said nature hedge and forward foreign exchange contracts do not qualify for hedge accounting criteria. Furthermore, as net investments in foreign operations are for strategic purposes, they are not hedged by the Group.

The foreign currency sensitivity analysis focusing on the impact of foreign exchange rate fluctuations on the Group's profit or loss and equity is performed on significant monetary items denominated in foreign currencies as of the end of the reporting period. The Group's foreign currency risk is mainly related to the volatility in the exchange rates of U.S. dollars and Chinese Yuan.

B. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk relates primarily to its variable interest rates for loans.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans.

C. Equity price risk

Equity securities of listed domestic companies held by the Group are susceptible to price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on equity portfolio are submitted to the Group's senior management on a regular basis. The Board of Directors shall review all equity investment decisions and approve where appropriate.

A 5% increase/decrease in the prices of listed companies' stocks classified as at fair value through profit or loss could cause the profit or loss for the six months ended June 30, 2021 and 2020 to increase/decrease by NT\$1,337 thousand and NT\$1,636 thousand, respectively.

A 5% increase/decrease in the prices of listed companies' stocks classified as at fair value through other comprehensive income could cause the comprehensive income for the six months ended June 30, 2021 and 2020 to increase/decrease by NT\$15,985 thousand and NT\$0 thousand, respectively.

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D. Pre-tax sensitivity analysis was as follows:

For the six months ended June 30, 2021

Key Risk	Variation	Sensitivity of Profit or Loss
Foreign currency risk	NTD/USD appreciate/depreciate by 1%	-/+ NT\$ 6,195 thousand
	NTD/RMB appreciate/depreciate by 1%	-/+ 1,067 thousand
Interest rate risk	Market interest rate increase/decrease by 10 basis points	+/- 487 thousand

For the six months ended June 30, 2020

Key Risk	Variation	Sensitivity of Profit or Loss
Foreign currency risk	NTD/USD appreciate/depreciate by 1%	-/+ NT\$ 9,154 thousand
	NTD/RMB appreciate/depreciate by 1%	-/+ 963 thousand
Interest rate risk	Market interest rate increase/decrease by 10 basis points	+/- 1,515 thousand

(4) Credit risk management

Credit risk is the risk that counterparty will not meet its obligations under a contract and result in a financial loss. The Group is exposed to credit risk from operating activities (primarily accounts and notes receivable) and financing activities (primarily bank deposits and various financial instruments).

Credit risk is managed by each business unit subject to the Group's credit risk policies, procedures and controls. Credit risk of all counterparties is assessed by considering their financial position and ratings from credit rating agencies, past experience, current economic environment, the Group's internal rating criteria, etc. The Group also uses some credit enhancement tools, such as prepayments or insurances, to reduce the credit risk of certain customers.

Credit risk from balances with banks and other financial instruments is managed by the finance department in accordance with the Group's policies. The counterparties that the Group transacts with are reputable financial institutions both at home and abroad; thus, no significant credit risk is expected.

(5) Liquidity risk management

The Group maintains its financial flexibility through the use of cash and cash equivalents and bank borrowings. The table below summarized the maturity profile of the Group's financial liability contracts based on the earliest repayment dates and contractual undiscounted cash flows. The amount also included the contractual interest. The undiscounted interest payment relating to borrowings with variable interest rates was extrapolated based on the yield curve as of the end of the reporting period.

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Non-derivative financial liabilities

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
<u>June 30, 2021</u>					
Borrowings	\$ 685,494	\$ 340,202	\$ 252,030	\$ -	\$ 1,277,726
Payables	2,617,404	-	-	-	2,617,404
Lease liabilities	15,538	26,863	18,024	288,209	348,634
<u>December 31, 2020</u>					
Borrowings	\$ 175,187	\$ 250,000	\$ 289,000	\$ -	\$ 714,187
Payables	2,322,091	-	-	-	2,322,091
Lease liabilities	16,600	33,325	20,462	297,113	367,500
<u>June 30, 2020</u>					
Borrowings	\$ 520,490	\$ 600,000	\$ 273,370	\$ -	\$ 1,393,860
Payables	2,380,512	-	-	-	2,380,512
Lease liabilities	14,841	20,114	12,624	222,770	270,349

Derivative financial liabilities

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
<u>June 30, 2021</u>					
Inflows	\$ 691,549	\$ -	\$ -	\$ -	\$ 691,549
Outflows	694,100	-	-	-	694,100
Net	<u>\$ (2,551)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,551)</u>
<u>December 31, 2020</u>					
Inflows	\$ 739,991	\$ -	\$ -	\$ -	\$ 739,991
Outflows	743,544	-	-	-	743,544
Net	<u>\$ (3,554)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,554)</u>
<u>June 30, 2020</u>					
Inflows	\$ -	\$ -	\$ -	\$ -	\$ -
Outflows	-	-	-	-	-
Net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The derivative financial liabilities in the table above were expressed using undiscounted net cash flows.

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the six months ended June 30, 2021:

	Short-term Loans	Long-term Loans	Lease Liabilities	Guarantee Deposits Received	Total Liabilities from Financing Activities
As of January 1, 2021	\$ 150,000	\$ 564,000	\$ 273,252	\$ 255	\$ 987,507
Cash flows	485,048	78,232	(11,061)	-	552,219
Non-cash movement	-	-	6,430	-	6,430
As of June 30, 2021	<u>\$ 635,048</u>	<u>\$ 642,232</u>	<u>\$ 268,621</u>	<u>\$ 255</u>	<u>\$ 1,546,156</u>

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Reconciliation of liabilities for the six months ended June 30, 2020:

	Short-term Loans	Long-term Loans	Lease Liabilities	Guarantee Deposits Received	Total Liabilities from Financing Activities
As of January 1, 2020	\$ 740,000	\$ 934,565	\$ 267,915	\$ 216,029	\$ 2,158,509
Cash flows	(220,000)	(61,195)	(12,041)	(6,149)	(299,385)
Non-cash movement	-	-	14,475	-	14,475
As of June 30, 2020	<u>\$ 520,000</u>	<u>\$ 873,370</u>	<u>\$ 270,349</u>	<u>\$ 209,880</u>	<u>\$ 1,873,599</u>

(7) Fair values of financial instruments

A. The methods and assumptions applied in determining the fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions are used by the Group in measuring or disclosing the fair values of financial assets and liabilities:

- (a) The carrying amount of cash and cash equivalents, receivables, payables and other current liabilities approximate their fair value due to short maturity terms.
- (b) For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation prices (e.g., listed equity securities, beneficiary certificates, bonds and futures).

B. Fair value of financial instruments measured at amortized cost

The carrying amount of the Group's financial assets and liabilities measure at amortized cost approximates their fair value.

C. Information on the fair value hierarchy of financial instruments

Please refer to Note 12(9) for details.

(8) Derivative instruments

As of June 30, 2021, December 31, 2020 and June 30, 2020, the Group's derivative instruments that were not eligible for hedge accounting and were outstanding were listed as follows:

A. Forward foreign exchange contracts that were not eligible for hedge accounting and were outstanding as of the balance sheet dates were listed as follows:

Currency	Contract Period	Contract Amount (in thousands)
<u>June 30, 2021</u>		
Sell RMB/Buy NTD	2021.03~2021.10	RMB 132,000/NT\$ 566,273
Sell USD/Buy NTD	2021.04~2021.09	US\$ 3,000/NT\$ 84,273
<u>December 31, 2020</u>		
Sell RMB/Buy NTD	2020.08~2021.04	RMB 78,000/NT\$ 330,154
Sell USD/Buy NTD	2020.10~2021.03	US\$ 13,000/NT\$ 368,953
<u>June 30, 2020</u>		
Sell RMB/Buy NTD	2020.04~2020.10	RMB 84,000/NT\$ 350,826
Sell USD/Buy NTD	2020.04~2020.09	US\$ 10,000/NT\$ 298,853

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- B. Foreign exchange swap contracts that were not eligible for hedge accounting and were outstanding as of the balance sheet dates were listed as follows:

Currency	Contract Period	Contract Amount (in thousands)	
<u>June 30, 2021</u>			
Sell RMB/Buy NTD	2021.04~2021.09	RMB	9,600/NT\$ 41,008
<u>December 31, 2020</u>			
Sell RMB/Buy NTD	2020.09~2021.02	RMB	9,600/NT\$ 40,884
<u>June 30, 2020</u>			
Sell RMB/Buy NTD	2020.04~2020.09	RMB	9,600/NT\$ 40,364

For forward foreign exchange, foreign exchange swap and cross-currency swap contracts, the main purpose is to hedge the foreign currency risk of net assets or liabilities denominated in foreign currencies. As there will be corresponding cash inflows or outflows upon expiration and the Company has sufficient operation funds, no significant cash flow risk is expected.

(9) Fair value hierarchy

A. Definition of fair value hierarchy

For assets and liabilities measured or disclosed in fair values, they are categorized in the level of the lowest level input that is significant to the entire measurement. Inputs of each level are as follows:

Level 1 inputs are quoted (unadjusted) prices in active markets for identical assets or liabilities at the measurement date

Level 2 inputs are inputs other than quoted market prices included within level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 inputs are unobservable inputs for the asset or liability

For assets and liabilities measured at a recurring basis, their categories shall be reevaluated at the end of each reporting period to determine if there is any transfer between different levels of fair value hierarchy.

B. Hierarchy of fair value measurement

The Group does not have assets that are measured at fair value on a non-recurring basis. The fair value hierarchy of assets and liabilities measured at a recurring basis was disclosed as follows:

	Level 1	Level 2	Level 3	Total
<u>June 30, 2021</u>				
Assets measured at fair value:				
Financial assets at fair value through profit or loss				
Forward foreign exchange contracts	\$ -	\$ 1,286	\$ -	\$ 1,286
Foreign exchange swap contracts	-	-	-	-
Stocks	26,735	-	-	26,735
Financial assets at fair value through other comprehensive income	319,694	-	-	319,694

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	Level 1	Level 2	Level 3	Total
Liabilities measured at fair value:				
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts	\$ -	\$ 1,061	\$ -	\$ 1,061
Foreign exchange swap contracts	-	208	-	208

December 31, 2020

Assets measured at fair value:				
Financial assets at fair value through profit or loss				
Forward foreign exchange contracts	\$ -	\$ 423	\$ -	\$ 423
Stocks	29,409	-	-	29,409

Liabilities measured at fair value:				
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts	-	11,294	-	11,294
Foreign exchange swap contracts	-	545	-	545

June 30, 2020

Assets measured at fair value:				
Financial assets at fair value through profit or loss				
Forward foreign exchange contracts	\$ -	\$ 5,975	\$ -	\$ 5,975
Foreign exchange swap contracts	-	348	-	348
Stocks	32,719	-	-	32,719

Liabilities measured at fair value:				
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts	-	128	-	128

(Concluded)

For the six months ended June 30, 2021 and 2020, there were no transfers between Level 1 and Level 2 fair value hierarchy.

(10) Significant financial assets and liabilities denominated in foreign currencies

Information on significant financial assets and liabilities denominated in foreign currencies was listed below:

	June 30, 2021			December 31, 2020		
	Foreign Currencies (in thousands)	Exchange Rate	NTD	Foreign Currencies (in thousands)	Exchange Rate	NTD
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 78,819	27.864	\$ 2,196,213	\$ 79,777	28.126	\$ 2,243,797
RMB	24,832	4.3115	107,062	14,240	4.3140	61,433

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	June 30, 2021			December 31, 2020		
	Foreign Currencies (in thousands)	Exchange Rate	NTD	Foreign Currencies (in thousands)	Exchange Rate	NTD
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	\$ 56,584	27.864	\$ 1,576,657	\$ 40,316	28.126	\$ 1,133,918
JPY	183,165	0.2520	46,158	213,684	0.2713	57,973
	June 30, 2020					
	Foreign Currencies (in thousands)	Exchange Rate	NTD			
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 59,459	29.631	\$ 1,761,830			
RMB	22,979	4.1925	96,339			
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	\$ 28,564	29.631	\$ 846,380			
JPY	217,431	0.2751	59,815			

(Concluded)

The data above was disclosed based on the carrying amounts of foreign currencies (already translated to functional currencies).

As entities within the Group transact in various currencies, the exchange gain (loss) of monetary financial assets and liabilities cannot be disclosed by currencies of significant influence. For the three months and six months ended June 30, 2021 and 2020, the Group's foreign exchange gain (loss) amounted to NT\$(22,202) thousand, NT\$(38,455) thousand, NT\$(3,846) thousand and NT\$(50,727) thousand, respectively.

(11) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder return. The Group manages and adjusts its capital structure in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

(12) Information on financial assets transferred

Derecognition of financial assets transferred in their entirety.

A part of the Group's accounts receivables was used in factoring agreements without recourse with financial institutions. In addition to derecognizing the contractual rights to cash flows from these account receivables, the Group did not have to bear the default risks in accordance with the agreements. The requirements for financial asset derecognition were satisfied. Transaction details were as follows:

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June 30, 2021				
Factor	Amount Transferred	Amount Advanced	Interest Rate Range	Credit Line
CTBC Bank	US\$1,202 thousand	US\$1,202 thousand	0.89852%	US\$ 5,000 thousand
Taishin International Bank	US\$2,396 thousand	US\$2,396 thousand	0.72%~0.74%	NT\$690,000 thousand
Taipei Fubon Bank	US\$ 527 thousand	US\$ 527 thousand	0.7%	US\$ 6,000 thousand
December 31, 2020				
Factor	Amount Transferred	Amount Advanced	Interest Rate Range	Credit Line
CTBC Bank	US\$ 623 thousand	US\$ 623 thousand	0.8034%	US\$ 5,000 thousand
Taishin International Bank	US\$6,758 thousand	US\$6,758 thousand	0.71%~0.88%	NT\$690,000 thousand
Taipei Fubon Bank	US\$1,222 thousand	US\$1,222 thousand	0.78%	US\$ 6,000 thousand
June 30, 2020				
Factor	Amount Transferred	Amount Advanced	Interest Rate Range	Credit Line
CTBC Bank	US\$2,955 thousand	US\$2,955 thousand	0.8%~1.1%	US\$ 3,000 thousand

13. Additional Disclosures

- (1) Information on significant transactions and investees
 - A. Financing provided to others: Please refer to Table 1.
 - B. Endorsement/guarantee provided to others: Please refer to Table 2.
 - C. Marketable securities held as of June 30, 2021 (excluding investments in subsidiaries, associates and joint ventures): Please refer to Table 3.
 - D. Individual securities acquired or disposed of with accumulated amount of at least NT\$300 million or 20 percent of the paid-in capital for the six months ended June 30, 2021: Please refer to Table 4.
 - E. Acquisition of individual real estate with amount of at least NT\$300 million or 20 percent of the paid-in capital for the six months ended June 30, 2021: None.
 - F. Disposal of individual real estate with amount of at least NT\$300 million or 20 percent of the paid-in capital for the six months ended June 30, 2021: None.
 - G. Related party transactions with purchase or sales amount of at least NT\$100 million or 20 percent of the paid-in capital for the six months ended June 30, 2021: Please refer to Table 5.
 - H. Receivables from related parties of at least NT\$100 million or 20 percent of the paid-in capital as of June 30, 2021: Please refer to Table 6.
 - I. Direct or indirect significant influence or control over the investees for the six months ended June 30, 2021 (excluding investments in China): Please refer to Table 7.
 - J. Derivative financial instrument transactions: Please refer to Note 12.

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K. Others: intercompany relationships and significant intercompany transactions for the six months ended June 30, 2021: Please refer to Table 9.

(2) Information on investments in Mainland China: Please refer to Table 8.

(3) Information on major shareholders: Please refer to Table 10.

14. Operating Segment

For management purposes, the Group is organized into operating segments based on each independent utility. The two reportable operating segments are as follows:

The general management segment is responsible for the Group's operation planning and owns manufacturing, R&D and sales functions.

The overseas segment owns manufacturing and sales functions.

Operating segments have not been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of decision-making on resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and measured consistently with methods applied to operating profit or loss in the consolidated financial statements.

However, finance costs, financial benefits and income taxes are managed on the Group basis and are not allocated to operating segments.

Segment income (loss)

For the three months ended June 30, 2021

	General Management	Overseas	Adjustment and Elimination (Note)	Consolidated
Revenue				
External customer	\$ 1,623,965	\$ 748,311	\$ -	\$ 2,372,276
Inter-segment	528,416	373,073	(901,489)	-
Total revenue	<u>\$ 2,152,381</u>	<u>\$ 1,121,384</u>	<u>\$ (901,489)</u>	<u>\$ 2,372,276</u>
Segment income (loss) (before income tax)	<u>\$ 244,655</u>	<u>\$ 13,490</u>	<u>\$ (9,044)</u>	<u>\$ 249,101</u>

Note: Inter-segment revenues were eliminated upon consolidation.

For the three months ended June 30, 2020

	General Management	Overseas	Adjustment and Elimination (Note)	Consolidated
Revenue				
External customer	\$ 1,382,227	\$ 673,416	\$ -	\$ 2,055,643
Inter-segment	521,182	177,628	(698,810)	-
Total revenue	<u>\$ 1,903,409</u>	<u>\$ 851,044</u>	<u>\$ (698,810)</u>	<u>\$ 2,055,643</u>
Segment income (loss) (before income tax)	<u>\$ 204,393</u>	<u>\$ (37,557)</u>	<u>\$ 40,313</u>	<u>\$ 207,149</u>

Note: Inter-segment revenues were eliminated upon consolidation.

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

For the six months ended June 30, 2021

	General Management	Overseas	Adjustment and Elimination (Note)	Consolidated
Revenue				
External customer	\$ 2,828,344	\$ 1,746,407	\$ -	\$ 4,574,751
Inter-segment	1,163,310	796,757	(1,960,067)	-
Total revenue	<u>\$ 3,991,654</u>	<u>\$ 2,543,164</u>	<u>\$ (1,960,067)</u>	<u>\$ 4,574,751</u>
Segment income (loss) (before income tax)	<u>\$ 471,111</u>	<u>\$ 74,975</u>	<u>\$ (59,590)</u>	<u>\$ 486,496</u>

Note: Inter-segment revenues were eliminated upon consolidation.

For the six months ended June 30, 2020

	General Management	Overseas	Adjustment and Elimination (Note)	Consolidated
Revenue				
External customer	\$ 2,377,893	\$ 1,291,799	\$ -	\$ 3,669,692
Inter-segment	1,067,931	203,153	(1,271,084)	-
Total revenue	<u>\$ 3,445,824</u>	<u>\$ 1,494,952</u>	<u>\$ (1,271,084)</u>	<u>\$ 3,669,692</u>
Segment income (loss) (before income tax)	<u>\$ 287,202</u>	<u>\$ (24,088)</u>	<u>\$ 45,077</u>	<u>\$ 308,191</u>

Note: Inter-segment revenues were eliminated upon consolidation.

Assets of the Group's operating segments as of June 30, 2021, December 31, 2020 and June 30, 2020 were summarized below:

	General Management	Overseas	Adjustment and Elimination	Consolidated
As of June 30, 2021	<u>\$ 9,416,181</u>	<u>\$ 6,292,388</u>	<u>\$ (3,072,775)</u>	<u>\$ 12,635,794</u>
As of December 31, 2020	<u>\$ 8,560,493</u>	<u>\$ 5,382,204</u>	<u>\$ (2,410,782)</u>	<u>\$ 11,531,915</u>
As of June 30, 2020	<u>\$ 8,971,292</u>	<u>\$ 5,484,359</u>	<u>\$ (2,684,412)</u>	<u>\$ 11,771,239</u>

TABLE 1: FINANCING PROVIDED TO OTHERS

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Financing Company	Counterparty	Financial Statement Account (Note 2)	Whether A Related Party	Maximum Balance for the Period (Note 3)	Ending Balance (Note 10)	Amount Actually Drawn (Note 11)	Interest Rate Range	Nature of Financing (Note 4)	Transaction Amount (Note 5)	Reason for Short-term Financing (Note 6)	Loss Allowance	Collateral		Financing Limit for Individual Borrower	Limit on Total Financing Amount	Note
													Item	Value			
0	Taiflex Scientific Co., Ltd.	Rudong Fuzhan Scientific Co., Ltd.	Other receivables - related parties	Y	\$ 228,040	\$ 222,912	\$ -	1.70%~4.00%	2	-	Operating capital	-	-	-	\$ 1,561,933	\$ 3,123,866	(Note 7)
0	Taiflex Scientific Co., Ltd.	Shenzhen Taiflex Electronic Co., Ltd.	Other receivables - related parties	Y	399,070	390,096	-	1.70%~4.00%	2	-	Operating capital	-	-	-	1,561,933	3,123,866	(Note 7)
1	Kunshan Taiflex Electronic Co., Ltd.	Shenzhen Taiflex Electronic Co., Ltd.	Other receivables - related parties	Y	173,764	172,460	129,345	2.00%~4.00%	2	-	Operating capital	-	-	-	759,632	759,632	(Note 9)
1	Kunshan Taiflex Electronic Co., Ltd.	Rudong Fuzhan Scientific Co., Ltd.	Other receivables - related parties	Y	521,292	517,380	388,035	2.00%~4.00%	2	-	Operating capital	-	-	-	759,632	759,632	(Note 9)

Note 1: Companies are coded as follows:

(1) Taiflex Scientific Co., Ltd. is coded "0".

(2) The investees are coded from "1" in the order presented in the table above.

Note 2: Receivables from affiliates and related parties, shareholder transactions, prepayments, temporary payments, etc. are required to be disclosed in this field if they are financing provided to others.

Note 3: The maximum balance of financing provided to others for the six months ended June 30, 2021.

Note 4: Nature of Financing is coded as follows:

(1) Business transaction is coded "1".

(2) Short-term financing is coded "2".

Note 5: If the nature of financing is business transaction, the amount of transaction shall be disclosed. The amount of transaction refers to the business transaction amount of the most recent year between the financing company and the borrower.

Note 6: With respect to short-term financing, the reasons of financing and the purpose of use by the counterparty shall be specified, such as loan repayment, equipment acquisition or operating capital.

Note 7: The Company's "Procedures for Lending Funds to Other Parties" stipulates that the amount of financing provided shall not exceed 40% of the Company's net worth in the most recent financial statements. The amount of financing provided to any single entity shall not exceed 20% of the Company's net worth in the most recent financial statements.

Note 8: Total amount of financing to firms or companies having business relationship with the Company shall not exceed 20% of the Company's net worth. The financing amount to an individual party is limited to the transaction amount between both parties. The transaction amount means the purchase or sales amount between the parties, whichever is higher, and shall not exceed 10% of the Company's net worth. However, the lending amount to a single enterprise whose voting rights are 100% held, either directly or indirectly, by the Company shall not exceed 20% of the Company's net worth.

Note 9: For offshore companies that the Company holds, either directly and indirectly, 100% of the voting rights, both the financing provided to any single entity and the total financing shall not exceed 100% of the financing company's net worth in the most recent financial statements.

Note 10: If public companies, pursuant to Paragraph 1, Article 14 of Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, resolve each individual lending at the board meetings, the amounts resolved before drawdown shall be the publicly-announced balance to disclose the risk they assume; provided however, if any repayment is made subsequently, the outstanding balance after such repayment shall be disclosed to reflect the risk adjusted. If public companies, pursuant to Paragraph 2, Article 14 of the same Regulations, authorize the chairperson by board resolution, within a certain monetary limit and a period not to exceed one year, to give loans in instalments or to make a revolving credit line available, the amount resolved shall be the publicly-announced balance. Although repayment may be made subsequently, as drawdowns are likely to happen again, the amount of financing resolved by the board shall be recorded as the publicly-announced balance.

Note 11: This is the ending balance after evaluation.

TABLE 2: ENDORSEMENT/GUARANTEE PROVIDED TO OTHERS

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to A Single Entity (Note 3)	Maximum Balance for the Period (Note 4)	Ending Balance (Note 5)	Amount Actually Drawn (Note 6)	Amount of Endorsement/ Guarantee Secured by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Worth per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowed (Note 3)	Endorsement Provided by Parent Company to Subsidiaries (Note 7)	Endorsement Provided by Subsidiaries to Parent Company (Note 7)	Endorsement Provided to Subsidiaries in China (Note 7)
		Name	Relationship (Note 2)										
0	Taiflex Scientific Co., Ltd.	Rudong Fuzhan Scientific Co., Ltd.	2	\$ 3,904,832	\$ 490,175	\$ 473,688	\$ 3,379	\$ -	6.07%	\$ 3,904,832	Y	N	Y
0	Taiflex Scientific Co., Ltd.	Shenzhen Taiflex Electronic Co., Ltd.	2	3,904,832	293,648	129,345	-	-	1.66%		Y	N	Y

Note 1: Companies are coded as follows:

(1) Taiflex Scientific Co., Ltd. is coded "0".

(2) The investees are coded from "1" in the order presented in the table above.

Note 2: The relationships between endorsement/guarantee providers and guaranteed parties are categorized into the following seven types. Please specify the type.

(1) A company that has business relationships with Taiflex.

(2) A company in which Taiflex directly or indirectly holds over 50% of the voting rights.

(3) A company that directly or indirectly holds over 50% of Taiflex's voting rights.

(4) Endorsements/guarantees between companies in which Taiflex directly or indirectly holds over 90% of the voting rights.

(5) Mutual endorsements/guarantees between companies in the same industry or between joint builders which are provided in accordance with contractual terms for construction projects.

(6) Endorsements/guarantees provided by each shareholder for their jointly invested company in proportion to their shareholding percentages.

(7) Joint and several securities between companies in the same industry for performance guarantees of pre-construction homes under the Consumer Protection Act.

Note 3: The overall amount of guarantees/endorsements provided shall not exceed 50% of the Company's net worth in the most recent financial statements. The amount of guarantees/endorsements provided to a single entity shall not exceed 20% of the net worth in the most recent financial statements. However, the restriction does not apply to guarantees/endorsements to companies whose voting rights are 100% held, either directly or indirectly, by the Company.

Note 4: The maximum endorsement/guarantee balance for the six months ended June 30, 2021.

Note 5: This refers to amounts approved by the board of directors. However, where the authority has been delegated by the board to the chairperson in accordance with Subparagraph 8, Article 12 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, this would be the amounts approved by the chairperson.

Note 6: This is the ending balance after evaluation.

Note 7: Fill in "Y" for endorsements/guarantees provided by listed parent companies to subsidiaries and vice versa, and for ones provided to subsidiaries in Mainland China.

TABLE 3: MARKETABLE SECURITIES HELD AS OF JUNE 30, 2021 (EXCLUDING INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES)

(In Thousands of New Taiwan Dollars)

Holder of Marketable Securities	Type of Marketable Securities (Note 1)	Name of Marketable Securities (Note 1)	Relationship with the Issuer (Note 2)	Financial Statement Account	June 30, 2021				Note
					Shares (In Thousands)	Carrying Amount (Note 3)	Ownership Percentage	Fair Value	
Taiflex Scientific Co., Ltd.	Non-listed (OTC) stocks	Exploit Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	25	-	0.30%	-	-
	Non-listed (OTC) stocks	Kyoritsu Optronics Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	741	-	18.10%	-	-
	Listed stocks	APAQ Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	5,355	\$ 319,694	6.02%	\$ 319,694	-
	Listed stocks	Zhen Ding Technology Holding Limited	-	Financial assets at fair value through profit or loss - current	255	26,735	0.03%	26,735	-

Note 1: Marketable securities stated in this table refer to stocks, bonds, beneficiary certificates and securities derived from the said items within the scope of IFRS 9 "Financial Instruments".

Note 2: Not required if the issuer of the marketable securities is not a related party.

Note 3: If marketable securities are measured at fair value, please fill in the fair value after valuation adjustment, net of accumulated impairment. If marketable securities are not measured at fair value, please fill in the original cost or amortized cost, net of accumulated impairment.

TABLE 4: INDIVIDUAL SECURITIES ACQUIRED OR DISPOSED OF WITH ACCUMULATED AMOUNT OF AT LEAST NT\$300 MILLION OR 20 PERCENT OF THE PAID-IN CAPITAL FOR THE SIX MONTHS ENDED JUNE 30, 2021

(In Thousands of New Taiwan Dollars)

Company Name	Type and Name of Marketable Securities (Note 1)	Financial Statement Account	Counterparty (Note 2)	Relationship (Note 2)	Beginning Balance		Acquisition (Note 3)		Disposal (Note 3)				Ending Balance	
					Shares (In Thousands)	Amount	Shares (In Thousands)	Amount	Shares (In Thousands)	Selling Price	Carrying Amount	Gain/Loss on Disposal	Shares (In Thousands)	Amount (Note 5)
Taiflex Scientific Co., Ltd.	APAQ Technology Co., Ltd.	Financial assets at fair value through other comprehensive income - non-current	-	-	-	-	5,355	\$ 344,549	-	-	-	-	5,355	\$ 319,694

Note 1: Marketable securities stated in this table refer to stocks, bonds, beneficiary certificates and securities derived from the said items.

Note 2: For marketable securities recognized under investments accounted for under the equity method, information concerning these two columns shall be provided.

Note 3: The calculation of accumulated acquisition or disposal amount shall be done separately when determining whether the threshold of at least NT\$300 million or 20 percent of the paid-in capital has been reached.

Note 4: The paid-in capital refers to the parent company's paid-in capital. For stocks with no par value or a par value other than NT\$10, the threshold of 20 percent of the paid-in capital shall be replaced by 10 percent of equity attributable to shareholders of the parent on the balance sheets.

Note 5: The ending balance includes unrealized gain/loss of financial assets.

TABLE 5: RELATED PARTY TRANSACTIONS WITH PURCHASE OR SALES AMOUNT OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL (In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationships	Transaction Details				Abnormal Transaction (Note 1)		Notes/Accounts Receivable (Payable)		Note
			Sales (Purchases)	Amount	Percentage to Total Sales (Purchases)	Collection/ Payment Terms	Unit Price	Collection/ Payment Terms	Ending Balance	Percentage to Total Notes/Accounts Receivable (Payable)	
Taiflex Scientific Co., Ltd.	Shenzhen Taiflex Electronic Co., Ltd.	Holds 100% of the third-tier subsidiary	Sales	\$ 787,674	20.68%	180 days from the end of month	-	-	\$ 1,173,246	33.96%	-
Taiflex Scientific Co., Ltd.	Kunshan Taiflex Electronic Co., Ltd.	Holds 100% of the third-tier subsidiary	Sales	280,817	7.37%	180 days from the end of month	-	-	331,140	9.59%	-
Shenzhen Taiflex Electronic Co., Ltd.	Taiflex Scientific Co., Ltd.	The company's ultimate parent company	Purchases	787,674	53.55%	180 days from the end of month	-	-	(1,173,246)	(59.62%)	-
Shenzhen Taiflex Electronic Co., Ltd.	Rudong Fuzhan Scientific Co., Ltd.	The company's associate	Purchases	679,265	46.18%	180 days from the end of month	-	-	(766,233)	(38.94%)	-
Kunshan Taiflex Electronic Co., Ltd.	Taiflex Scientific Co., Ltd.	The company's ultimate parent company	Purchases	280,817	69.02%	180 days from the end of month	-	-	(331,140)	(78.25%)	-
Rudong Fuzhan Scientific Co., Ltd.	Shenzhen Taiflex Electronic Co., Ltd.	The company's associate	Sales	679,265	88.86%	180 days from the end of month	-	-	766,233	89.89%	-

Note 1: The sales prices and collection terms of sales to related parties are not significantly different from those of sales to non-related parties.

TABLE 6: RECEIVABLES FROM RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL (In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationships	Ending Balance	Turnover Ratio (times)	Overdue		Amounts Received in Subsequent Periods	Lost Allowance	Note
					Amount	Action Taken			
Taiflex Scientific Co., Ltd.	Shenzhen Taiflex Electronic Co., Ltd.	Holds 100% of the third-tier subsidiary	\$ 1,173,246	1.45	-	-	\$ 197,012	-	-
Taiflex Scientific Co., Ltd.	Shenzhen Taiflex Electronic Co., Ltd.	Holds 100% of the third-tier subsidiary	1,968	(Note 1)	-	-	420	-	-
Taiflex Scientific Co., Ltd.	Kunshan Taiflex Electronic Co., Ltd.	Holds 100% of the third-tier subsidiary	331,140	2.91	-	-	36,412	-	-
Taiflex Scientific Co., Ltd.	Kunshan Taiflex Electronic Co., Ltd.	Holds 100% of the third-tier subsidiary	1,241	(Note 1)	-	-	1,224	-	-
Taiflex Scientific Co., Ltd.	Rudong Fuzhan Scientific Co., Ltd.	Holds 100% of the third-tier subsidiary	64,020	1.52	-	-	-	-	-
Taiflex Scientific Co., Ltd.	Rudong Fuzhan Scientific Co., Ltd.	Holds 100% of the third-tier subsidiary	43,729	(Note 1)	-	-	-	-	-
Rudong Fuzhan Scientific Co., Ltd.	Shenzhen Taiflex Electronic Co., Ltd.	The company's associate	766,233	1.82	-	-	107,786	-	-
Kunshan Taiflex Electronic Co., Ltd.	Shenzhen Taiflex Electronic Co., Ltd.	The company's associate	129,345	(Note 1)	-	-	-	-	-
Kunshan Taiflex Electronic Co., Ltd.	Shenzhen Taiflex Electronic Co., Ltd.	The company's associate	26,199	0.23	-	-	-	-	-
Kunshan Taiflex Electronic Co., Ltd.	Rudong Fuzhan Scientific Co., Ltd.	The company's associate	388,035	(Note 1)	-	-	-	-	-

Note 1: These are recognized as other receivables. Thus, turnover ratio analysis does not apply.

TABLE 7: INVESTEEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE OR CONTROL DIRECTLY OR INDIRECTLY (EXCLUDING INVESTEEES IN MAINLAND CHINA)

(In Thousands of New Taiwan Dollars)

Investor	Investee	Business Location	Main Businesses and Products	Original Investment Amount		Balance as of June 30, 2021			Net Income (Loss) of Investee	Share of Profit/Loss	Note
				June 30, 2021	December 31, 2020	Shares (In Thousands)	Ownership Percentage	Carrying Amount			
Taiflex Scientific Co., Ltd.	Taistar Co., Ltd.	Belize	Investment holding	\$ 704,536	\$ 704,536	21,825	100.00%	\$ 785,411	\$ 14,048	\$ 14,048	(Note 1)
Taiflex Scientific Co., Ltd.	Leadmax Limited	Samoa	Trading of electronic materials	337	337	10	100.00%	589	-	-	-
Taiflex Scientific Co., Ltd.	Koatech Technology Corporation	Taiwan	Manufacturing and selling of electronic materials and components	294,102	294,102	13,700	53.86%	228,873	13,375	6,827	-
Taiflex Scientific Co., Ltd.	Innovision FlexTech Corp.	Taiwan	Manufacturing and selling of electronic materials	102,894	102,894	3,972	15.07%	28,752	491	(82)	-
Taiflex Scientific Co., Ltd.	TFS Co., Ltd.	Belize	Investment holding	478,797	478,797	15,520	100.00%	473,506	12,700	1,618	(Note 1)
Taiflex Scientific Co., Ltd.	Richstar Co., Ltd.	Samoa	Investment holding	1,316,239	1,062,808	44,000	73.94%	1,466,187	42,665	29,965	-
Taiflex Scientific Co., Ltd.	Taiflex Scientific Japan Co., Ltd.	Japan	Trading and technical support of electronic materials	16,260	16,260	6	100.00%	16,442	110	110	-
Taiflex Scientific Co., Ltd.	Taiflex USA Corporation	U.S.A.	Technical support and marketing of electronic materials	8,820	8,820	1	100.00%	8,768	142	142	-
Taiflex Scientific Co., Ltd.	Geckos Technology Corp.	Taiwan	Manufacturing and selling of electronic materials	28,699	28,699	2,524	29.19%	17,326	(11,583)	(4,244)	-
Taiflex Scientific Co., Ltd.	Taichem Materials Co., Ltd.	Taiwan	Manufacturing and selling of semiconductor materials	246,000	66,000	17,000	100.00%	236,553	(4,863)	(4,863)	-
Taiflex Scientific Co., Ltd.	Taiflex Green Power Co., Ltd.	Taiwan	Generation and selling of electricity from renewables	20,000	-	2,000	100.00%	19,961	(39)	(39)	-
TFS Co., Ltd.	Richstar Co., Ltd.	Samoa	Investment holding	478,563	478,563	15,510	26.06%	516,831	42,665	12,700	-
Taistar Co., Ltd.	TSC International Ltd.	Cayman Islands	Investment holding	683,946	683,946	21,170	100.00%	759,696	14,454	14,454	-
Koatech Technology Corporation	KTC Global Co., Ltd.	Samoa	Investment holding	28,649	28,649	960	100.00%	16,198	(1,324)	(1,324)	-
KTC Global Co., Ltd.	KTC PanAsia Co., Ltd.	Samoa	Investment holding	28,500	28,500	955	100.00%	16,223	(1,324)	(1,324)	-

Note 1: Including unrealized gain/loss between companies.

TABLE 8: INFORMATION ON INVESTMENTS IN MAINLAND CHINA

(In Thousands of New Taiwan Dollars)

Investor	Investee	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflows of Investment from Taiwan as of January 1, 2021	Investment Flows		Accumulated Outflows of Investment from Taiwan as of June 30, 2021	Profit/Loss of Investee	Percentage of Ownership (Direct or Indirect Investment)	Share of Profit/Loss	Carrying Amount as of June 30, 2021	Accumulated Inward Remittances of Earnings as of June 30, 2021
						Outflow	Inflow						
Taiflex Scientific Co., Ltd.	Kunshan Taiflex Electronic Co., Ltd.	Selling of chemical products, electronic materials and electronic components	\$767,141 (US\$24,000,000)	2	\$ 767,141	-	-	\$ 767,141	\$ 14,454	100.00%	\$ 14,454	\$ 759,632	\$ 135,257
	Rudong Fuzhan Scientific Co., Ltd.	Manufacturing and selling of electronic materials	\$1,316,239 (US\$44,000,000)	2	1,062,808	253,431	-	1,316,239	11,243	100.00%	11,243	1,330,290	-
	Shenzhen Taiflex Electronic Co., Ltd.	Trading of coating materials for high polymer film and copper foil	\$479,160 (US\$15,500,000)	2	479,160	-	-	479,160	31,423	100.00%	31,423	652,669	-
Koatech Technology Corporation	Kunshan Koatech Technology Corporation	A wholesaler and a commission agent of electronic materials and components	\$28,351 (US\$950,000)	2	28,351	-	-	28,351	(1,324)	53.86%	(713)	8,731	-
Accumulated Outflows of Investment from Taiwan to Mainland China as of June 30, 2021					Investment Amounts Authorized by the Investment Commission, MOEA					Upper Limit on Investment			
Taiflex Scientific Co., Ltd.			\$2,562,540	\$2,580,303					(Note 3)				
Koatech Technology Corporation			\$28,351	\$40,318					(Note 4) \$161,900				

Note 1: The methods for investment in Mainland China are categorized into the following three types. Please specify the type.

- (1) Direct investment in Mainland China.
- (2) Investment in Mainland China through companies in the third area.
- (3) Others.

Note 2: Significant transactions with the investees in China, either directly or indirectly through the third area, and the relevant prices, payment terms and unrealized gains or losses:

- (1) Purchase and ending balance of related payables and their weightings: see Table 5.
- (2) Sales and ending balance of related receivables and their weightings: see Tables 5 and 6.
- (3) The transaction amount and gain or loss arising from property transactions: see Table 4.
- (4) Ending balance of endorsements/guarantees or collateral provided and the purposes: see Table 2.
- (5) Maximum balance, ending balance, interest rate range and total interest of current period from financing provided to others: see Table 1.
- (6) Transactions that have significant impact on profit or loss of the current period or the financial position, such as services rendered or received: N/A.

Note 3: The Company received official documents issued by the Industrial Development Bureau, Ministry of Economic Affairs certifying the Company being qualified for operating headquarters in May 2019. Thus, the limit stipulated in the "Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China" does not apply.

Note 4: The upper limit on investment is calculated as follows:

Koatech Technology Corporation: NT\$269,833 thousand × 60% = NT\$161,900 thousand

TABLE 9: INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS FOR THE SIX MONTHS ENDED JUNE 30, 2021

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Company Name	Counterparty	Relationships (Note 2)	Intercompany Transactions			
				Financial Statements Account	Amount (Note 4)	Terms	Percentage to Consolidated Net Revenue or Total Assets (Note 3)
0	Taiflex Scientific Co., Ltd.	Shenzhen Taiflex Electronic Co., Ltd.	1	Sales revenue	787,674	General trading terms	17.22%
0	Taiflex Scientific Co., Ltd.	Shenzhen Taiflex Electronic Co., Ltd.	1	Accounts receivable	1,173,246	General trading terms	9.29%
0	Taiflex Scientific Co., Ltd.	Shenzhen Taiflex Electronic Co., Ltd.	1	Other receivables	1,968	General trading terms	0.02%
0	Taiflex Scientific Co., Ltd.	Kunshan Taiflex Electronic Co., Ltd.	1	Sales revenue	280,817	General trading terms	6.14%
0	Taiflex Scientific Co., Ltd.	Kunshan Taiflex Electronic Co., Ltd.	1	Accounts receivable	331,140	General trading terms	2.62%
0	Taiflex Scientific Co., Ltd.	Kunshan Taiflex Electronic Co., Ltd.	1	Other receivables	1,241	General trading terms	0.01%
1	Rudong Fuzhan Scientific Co., Ltd.	Shenzhen Taiflex Electronic Co., Ltd.	3	Sales revenue	679,265	General trading terms	14.85%
1	Rudong Fuzhan Scientific Co., Ltd.	Shenzhen Taiflex Electronic Co., Ltd.	3	Accounts receivable	766,233	General trading terms	6.06%

Note 1: Transaction information between the parent company and its subsidiaries shall be disclosed by codes below:

- (1) Taiflex Scientific Co., Ltd. is coded "0".
- (2) The subsidiaries are coded from "1" in the order presented in the table above.

Note 2: Relationships are categorized into the following three types. Please specify the type.

- (1) From the parent company to a subsidiary.
- (2) From a subsidiary to the parent company.
- (3) Between subsidiaries.

Note 3: Regarding the percentage of transaction amount to consolidated net revenue or total assets, it is computed based on the ending balance to the consolidated total assets for balance sheet items; and based on the interim accumulated amount to the consolidated net revenue for profit or loss items.

Note 4: This is the ending balance after evaluation.

TABLE 10: INFORMATION ON MAJOR SHAREHOLDERS

(In Shares)

Name of Major Shareholders	Share	Total Shares Owned	Ownership Percentage
Chang Wah Electromaterials Inc.		20,270,000	9.69%
Qiao Mei Development Corporation		16,263,729	7.77%
BaoJie Funds in custody of Standard Chartered Bank Main Branch		11,970,120	5.72%

Note 1: Major shareholders in the table above are shareholders owning 5% or more of the Company's common and preferred stocks (only the ones that have completed dematerialized registration and delivery, and include treasury stocks) based on calculations performed by the Taiwan Depository & Clearing Corporation using data as of the last business date at the end of each quarter. The amount of capital in the financial statements may differ from the Company's actual number of stocks that have completed dematerialized registration and delivery due to different calculation bases.

Note 2: Where the stocks are entrusted by shareholders, information is disclosed by the individual account of settlor who has segregated trust accounts opened by trustees. As for shareholders filing shareholdings of insiders with 10% or more of the Company's stocks pursuant to the securities and exchange laws and regulations, the number of stocks owned shall be the ones owned by the persons plus the ones entrusted where the shareholders have the power to decide how to utilize the trust property. Please access the Market Observation Post System website for information on insiders' shareholding filings.