

**TONG HSING ELECTRONIC INDUSTRIES, LTD.
AND SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Six Months Ended June 30, 2021 and 2020**

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

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安侯建業聯合會計師事務所

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Independent Auditors' Review Report

To the Board of Directors of Tong Hsing Electronic Industries, Ltd.:

Introduction

We have reviewed the accompanying consolidated balance sheets of Tong Hsing Electronic Industries, Ltd. (“the Company”) and its subsidiaries (“the Group”) as of June 30, 2021 and 2020, and the related consolidated statements of comprehensive income for the three months and six months ended June 30, 2021 and 2020, as well as the changes in equity and cash flows for the six months ended June 30, 2021 and 2020, and notes to the consolidated financial statements, including a summary of 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 the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with Statement of Auditing Standards 65, “Review of Financial Information Performed by the Independent Auditor of the Entity”. A review of the 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 conducted in accordance with the generally accepted auditing standards 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 and the review report of other auditor (please refer to Other Matter paragraph), nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2021 and 2020, and of its consolidated financial performance for the three months and six months ended June 30, 2021 and 2020, as well as its consolidated cash flows for the six months ended June 30, 2021 and 2020 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

**Other Matter**

We did not review the financial statements of KINGPAK Technology Inc. (KINGPAK), a subsidiary of the Group. Those financial statements were reviewed by other auditor, whose review report has been furnished to us, and our conclusion, insofar as it relates to the amounts included for KINGPAK, is based solely on the review report of other auditor. The financial statements of KINGPAK reflect the total assets amounting to \$3,470,481 thousand, constituting 13.60% of the consolidated total assets as of June 30, 2020; and the total net sales revenue amounting to \$63,467 thousand, constituting 1.58% of the consolidated total net sales revenue for the twelve days ended June 30, 2020.

The engagement partners on the reviews resulting in this independent auditors' review report are Szu-Chuan Chien and Jui-Lan Lo.

KPMG

Taipei, Taiwan (Republic of China)
August 11, 2021

Notes to Readers

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

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)
Reviewed only, not audited in accordance with generally accepted auditing standards as of June 30, 2021 and 2020

TONG HSING ELECTRONIC INDUSTRIES, LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

June 30, 2021, December 31, and June 30, 2020

(Expressed in Thousands of New Taiwan Dollars)

Assets		June 30, 2021		December 31, 2020		June 30, 2020		Liabilities and Equity		June 30, 2021		December 31, 2020		June 30, 2020	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (note 6(a))	\$ 4,273,453	16	3,791,174	15	4,737,000	19	2100	Short-term borrowings (note 6(j))	\$ -	-	269,000	1	420,000	2
1110	Current financial assets at fair value through profit or loss (note 6(b))	788,721	3	615,940	3	1,302,176	5	2110	Short-term notes and bills payable	-	-	50,000	-	110,000	-
1170	Notes and accounts receivable, net (note 6(d))	2,161,860	9	1,820,573	7	1,602,062	7	2130	Contract liabilities—current (note 6(t))	341,823	1	339,573	1	339,280	1
1200	Other receivables	56,789	-	57,024	-	46,425	-	2170	Notes and accounts payable	979,602	4	948,815	4	867,325	3
1310	Inventories (note 6(e))	1,576,072	6	1,519,181	6	1,574,976	6	2200	Other payables (notes 6(l) and 12)	1,605,264	6	1,495,648	6	1,283,971	5
1410	Prepayments	40,766	-	38,892	-	19,912	-	2216	Dividends payable	-	-	-	-	578,751	2
1470	Other current assets (note 6(t))	119,244	-	82,892	-	87,244	-	2230	Current tax liabilities	466,166	2	487,857	2	370,760	2
1476	Other financial assets—current (note 8)	31,314	-	36,857	-	45,097	-	2250	Current provisions (note 6(m))	141,313	1	140,808	1	139,124	1
		<u>9,048,219</u>	<u>34</u>	<u>7,962,533</u>	<u>31</u>	<u>9,414,892</u>	<u>37</u>	2280	Lease liabilities—current (note 6(n))	18,876	-	13,189	-	11,254	-
								2300	Other current liabilities	63,500	-	56,760	-	57,573	-
										<u>3,616,544</u>	<u>14</u>	<u>3,801,650</u>	<u>15</u>	<u>4,178,038</u>	<u>16</u>
Non-current assets:								Non-Current liabilities:							
1510	Non-current financial assets at fair value through profit or loss (note 6(b))	463,048	2	452,443	2	-	-	2540	Long-term borrowings (note 6(k))	62,474	-	-	-	-	-
1535	Non-current financial assets at amortized cost (note 6(c))	222,880	1	227,840	1	-	-	2570	Deferred tax liabilities (note 6(p))	106,398	1	106,398	1	111,703	1
1600	Property, plant and equipment (notes 6(g), 7 and 8)	7,742,737	29	7,825,277	31	7,133,784	28	2580	Lease liabilities—non-current (note 6(n))	92,976	-	96,175	-	95,959	-
1755	Right-of-use assets (note 6(h))	110,853	1	108,648	-	106,753	-	2600	Other non-current liabilities (note 6(k))	6,612	-	4,130	-	-	-
1780	Intangible assets (note 6(i))	8,556,845	32	8,614,290	34	8,659,862	34	2640	Net defined benefit liability—non-current(note 6(o))	210,944	1	219,287	1	180,318	1
1840	Deferred tax assets (note 6(p))	226,587	1	219,233	1	188,559	1			<u>479,404</u>	<u>2</u>	<u>425,990</u>	<u>2</u>	<u>387,980</u>	<u>2</u>
1900	Other non-current assets (note 6(o))	23,321	-	21,504	-	18,380	-		Total liabilities	<u>4,095,948</u>	<u>16</u>	<u>4,227,640</u>	<u>17</u>	<u>4,566,018</u>	<u>18</u>
1980	Other financial assets—non-current (note 8)	5,405	-	5,405	-	5,000	-		Equity:						
		<u>17,351,676</u>	<u>66</u>	<u>17,474,640</u>	<u>69</u>	<u>16,112,338</u>	<u>63</u>		Equity attributable to owners of parent: (note 6(q))						
								3100	Ordinary shares	1,787,083	7	1,787,083	7	2,367,234	9
								3200	Capital surplus	15,120,168	57	15,120,168	59	15,086,786	59
								3310	Legal reserve	1,410,144	6	1,410,144	5	1,410,144	6
								3320	Special reserve	97,411	-	97,411	-	97,411	-
								3350	Unappropriated retained earnings	4,032,895	15	2,925,436	12	2,073,519	8
								3400	Other equity interest	(143,754)	(1)	(130,709)	-	(73,882)	-
									Total equity	<u>22,303,947</u>	<u>84</u>	<u>21,209,533</u>	<u>83</u>	<u>20,961,212</u>	<u>82</u>
Total assets		<u>\$ 26,399,895</u>	<u>100</u>	<u>25,437,173</u>	<u>100</u>	<u>25,527,230</u>	<u>100</u>	Total liabilities and equity		<u>\$ 26,399,895</u>	<u>100</u>	<u>25,437,173</u>	<u>100</u>	<u>25,527,230</u>	<u>100</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)
Reviewed only, not audited in accordance with generally accepted auditing standards

TONG HSING ELECTRONIC INDUSTRIES, LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

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

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

	For the three months ended June 30				For the six months ended June 30				
	2021		2020		2021		2020		
	Amount	%	Amount	%	Amount	%	Amount	%	
4000	Sales revenue	\$ 3,465,515	101	2,072,656	100	6,625,927	101	4,034,787	100
4170	Less: sales returns and allowances	30,931	1	10,003	-	50,081	1	18,929	-
4100	Net sales revenue (notes 6(t) and 14)	3,434,584	100	2,062,653	100	6,575,846	100	4,015,858	100
5110	Cost of sales (notes 6(e) and 12)	2,345,202	68	1,484,812	72	4,652,957	71	2,956,320	74
5900	Gross profit	1,089,382	32	577,841	28	1,922,889	29	1,059,538	26
6000	Operating expenses: (note 12)								
6100	Selling expenses	58,730	2	45,119	2	109,277	2	81,093	2
6200	Administrative expenses	147,069	4	106,804	5	290,395	4	217,636	5
6300	Research and development expenses	64,966	2	34,715	2	126,873	2	64,791	1
6450	Expected credit losses (gains)	10,277	-	(6,181)	-	29,685	-	(11,066)	-
		281,042	8	180,457	9	556,230	8	352,454	8
6900	Net operating income	808,340	24	397,384	19	1,366,659	21	707,084	18
	Non-operating income and expenses:								
7100	Interest income	4,796	-	5,673	-	9,195	-	8,904	-
7190	Other income	6,920	-	7,949	1	14,103	-	9,277	-
7230	Foreign exchange (losses) gains, net (note 6(v))	(110,178)	(3)	(33,835)	(2)	(94,991)	(1)	(3,370)	-
7235	Gains (losses) on current financial assets (liabilities) at fair value through profit or loss (note 6(b))	(1,239)	-	1,121	-	4,999	-	1,239	-
7510	Finance cost— interest expense	(1,065)	-	(592)	-	(2,435)	-	(1,166)	-
7590	Miscellaneous disbursements	(4,807)	-	-	-	(9,627)	-	(540)	-
		(105,573)	(3)	(19,684)	(1)	(78,756)	(1)	14,344	-
7900	Profit before tax	702,767	21	377,700	18	1,287,903	20	721,428	18
7950	Less: tax expenses (note 6(p))	74,431	2	79,897	4	180,444	3	151,277	4
	Profit	628,336	19	297,803	14	1,107,459	17	570,151	14
	Other comprehensive income: (note 6(p))								
	Items that may be reclassified subsequently to profit or loss								
8361	Exchange differences on translation of foreign financial statements	(29,783)	-	(23,614)	(1)	(27,093)	-	(13,740)	-
8399	Income tax on items that may be reclassified to profit or loss	6,882	-	6,067	-	5,913	-	3,569	-
	Other comprehensive income	(22,901)	-	(17,547)	(1)	(21,180)	-	(10,171)	-
8500	Comprehensive income	\$ 605,435	19	280,256	13	1,086,279	17	559,980	14
	Earnings per share (note 6(s))								
9750	Basic earnings per share	\$ 3.52		1.70		6.21		3.35	
9850	Diluted earnings per share	\$ 3.51		1.70		6.18		3.34	

See accompanying notes to consolidated financial statements.

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TONG HSING ELECTRONIC INDUSTRIES, LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the six months ended June 30, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	Ordinary shares	Capital surplus	Retained earnings			Total retained earnings	Other equity interest			Total equity
			Legal reserve	Special reserve	Unappropriated retained earnings		Exchange differences on translation of foreign financial statements	Unearned employee compensation	Total other equity interest	
Balance on January 1, 2020	\$ 1,653,575	4,997,188	1,335,844	74,592	2,179,238	3,589,674	(63,711)	-	(63,711)	10,176,726
Consolidated net income for the six months ended June 30, 2020	-	-	-	-	570,151	570,151	-	-	-	570,151
Other comprehensive income for the six months ended June 30, 2020	-	-	-	-	-	-	(10,171)	-	(10,171)	(10,171)
Total comprehensive income for the six months ended June 30, 2020	-	-	-	-	570,151	570,151	(10,171)	-	(10,171)	559,980
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	74,300	-	(74,300)	-	-	-	-	-
Special reserve appropriated	-	-	-	22,819	(22,819)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(578,751)	(578,751)	-	-	-	(578,751)
Shares issued for business combination	712,901	10,087,542	-	-	-	-	-	-	-	10,800,443
Share-based payments	758	2,056	-	-	-	-	-	-	-	2,814
Balance on June 30, 2020	\$ 2,367,234	15,086,786	1,410,144	97,411	2,073,519	3,581,074	(73,882)	-	(73,882)	20,961,212
Balance on January 1, 2021	\$ 1,787,083	15,120,168	1,410,144	97,411	2,925,436	4,432,991	(107,441)	(23,268)	(130,709)	21,209,533
Consolidated net income for the six months ended June 30, 2021	-	-	-	-	1,107,459	1,107,459	-	-	-	1,107,459
Other comprehensive income for the six months ended June 30, 2021	-	-	-	-	-	-	(21,180)	-	(21,180)	(21,180)
Total comprehensive income for the six months ended June 30, 2021	-	-	-	-	1,107,459	1,107,459	(21,180)	-	(21,180)	1,086,279
Share-based payments	-	-	-	-	-	-	-	8,135	8,135	8,135
Balance on June 30, 2021	\$ 1,787,083	15,120,168	1,410,144	97,411	4,032,895	5,540,450	(128,621)	(15,133)	(143,754)	22,303,947

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)
Reviewed only, not audited in accordance with generally accepted auditing standards

TONG HSING ELECTRONIC INDUSTRIES, LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the six months ended June 30, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	For the six months ended June 30	
	2021	2020
Cash flows from (used in) operating activities:		
Profit before tax	\$ 1,287,903	721,428
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	740,181	382,041
Amortization expense	58,564	12,298
Expected credit losses (gains)	29,685	(11,066)
Net gain on financial assets or liabilities at fair value through profit or loss	(4,999)	(1,239)
Interest expense	2,435	1,166
Interest income	(9,195)	(8,904)
Compensation cost of share-based payments	8,135	-
Gain on disposal of property, plant and equipment	(1,047)	-
Gain on disposal of intangible assets	(730)	(2,573)
Other	13,226	(1,153)
Total adjustments to reconcile profit (loss)	<u>836,255</u>	<u>370,570</u>
Changes in operating assets and liabilities:		
Increase in current financial assets at fair value through profit or loss	(174,757)	(1,200,000)
Increase in contract assets	(35,233)	(55,408)
(Increase) decrease in notes and accounts receivable	(370,995)	144,795
Decrease in other receivables	2,293	5,985
Increase in inventories	(56,891)	(32,079)
(Increase) decrease in prepayments	(1,874)	26,732
(Increase) decrease in other current assets	(1,119)	1,517
Increase in notes and accounts payable	30,787	87,168
Increase in other payables	82,573	128,126
Increase in provisions	505	-
Increase in other current liabilities	6,740	9,119
Increase (decrease) in contract liabilities - current	2,250	(9,623)
Decrease in net deferred benefit liabilities	(8,343)	(794)
	<u>(524,064)</u>	<u>(894,462)</u>
Cash inflow generated from operations	1,600,094	197,536
Interest received	7,160	10,885
Interest paid	(2,532)	(1,136)
Income taxes paid	(203,464)	(118,548)
Net cash flows from operating activities	<u>1,401,258</u>	<u>88,737</u>
Cash flows from (used in) investing activities:		
Acquisition of non - current financial assets at fair value through profit or loss	(21,933)	-
Proceeds from disposal of non - current financial assets at fair value through profit or loss	9,514	-
Acquisition of property, plant and equipment	(630,961)	(465,563)
Proceeds from disposal of property, plant and equipment	1,625	5,779
(Increase) decrease in refundable deposits	(1,817)	4
Acquisition of intangible assets	(1,300)	(2,057)
Proceeds from disposal of intangible assets	837	2,573
Cash inflows due to business combination	-	1,212,741
Decrease in other financial assets	5,543	24
Net cash flows from (used in) investing activities	<u>(638,492)</u>	<u>753,501</u>
Cash flows from (used in) financing activities:		
Increase (decrease) in short-term borrowings	(269,000)	140,000
Increase (decrease) in short-term notes and bills payable	(50,000)	60,000
Proceeds from long-term borrowings	63,000	-
Increase in guarantee deposits received	1,947	-
Payments of lease liabilities	(8,294)	(4,171)
Exercise of employee share options	-	2,814
Net cash flows from (used in) financing activities	<u>(262,347)</u>	<u>198,643</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(18,140)</u>	<u>(8,027)</u>
Net increase in cash and cash equivalents	482,279	1,032,854
Cash and cash equivalents at beginning of period	3,791,174	3,704,146
Cash and cash equivalents at end of period	<u>\$ 4,273,453</u>	<u>4,737,000</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)
Reviewed only, not audited in accordance with generally accepted auditing standards

TONG HSING ELECTRONIC INDUSTRIES, LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the Six Months Ended June 30, 2021 and 2020

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

(1) Company history

Tong Hsing Electronic Industries, Ltd. (“the Company”) was incorporated as a company limited by shares in August 11, 1974 and registered under the Ministry of Economic Affairs, R.O.C. The address of the Company’s registered office is at 6F, No.83, Yanping S. Rd., Zhongzheng Dist., Taipei City. The consolidated financial statements of the Company as at and for the six months ended June 30, 2021 comprised the Company and its subsidiaries (together referred to as the “Group”). The Group is primarily involved in the manufacture and sale of RF modules, metalized ceramic substrates, hybrid integrated circuits and image sensors.

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

These consolidated financial statements were authorized for issuance by the Board of Directors on August 11, 2021.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. (“FSC”) which have already been adopted.

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

- Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform—Phase 2”
- Amendments to IFRS 16 “Covid-19-Related Rent Concessions beyond June 30, 2021”

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

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

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

(Continued)

TONG HSING ELECTRONIC INDUSTRIES, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

(4) Summary of significant accounting policies

- (a) Statement of compliance

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

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TONG HSING ELECTRONIC INDUSTRIES, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

(b) Basis of consolidation

List of subsidiaries in the consolidated financial statements:

Name of investor	Name of subsidiary	Nature of operation	Shareholding			Note
			June 30, 2021	December 31, 2020	June 30, 2020	
The Company	Tong Hsing Electronics Phils. Inc. (THEPI)	Sales and manufacturing of RF modules, metalized ceramic substrates, hybrid integrated circuits and image sensors	100 %	100 %	100 %	-
"	KINGPAK Technology Inc. (KINGPAK)	Sales and manufacturing of automobile related packing field and safety monitoring related CMOS image sensor.	100 %	100 %	100 %	Note

Note: In December 2019, a resolution was approved by the board of directors to acquire 100% of KINGPAK's issued and outstanding shares through stock exchange. After the effective date of the stock exchange (June 19, 2020), KINGPAK became a fully owned subsidiary of the Company and was delisted on the Taipei Exchange. The related registration procedures were completed on August 4, 2020.

(c) Government grants

A government grant is recognized in profit or loss only when there is reasonable assurance that the Group will comply with the conditions associated with the grant and that the grant will be received.

A government grant related to assets is initially recognized as deferred income at fair value if there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant; it is then recognized in profit or loss as other income on a systematic basis over the useful life of the asset.

A government grant is recognized in profit or loss in the period in which it becomes receivable as compensation for expenses or losses already incurred, or for the purpose of giving immediate financial support to the Group without future related costs.

(d) Income taxes

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

Income tax expense for the period is best estimated by multiplying pre-tax income for the interim reporting period using the effective annual tax rate as forecasted by the management. This should be recognized fully as tax expense for the current period.

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

(e) Employee benefits

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

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

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

The preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2020. For related information, please refer to note (5) of the consolidated financial statements for the year ended December 31, 2020.

(6) Explanation of significant accounts

Except for the following disclosures, there were no material differences in the disclosures of significant accounts between the interim consolidated financial statement of the current period and the 2020 consolidated financial statements. Please refer to note (6) of the consolidated financial statements for the year ended December 31, 2020.

(a) Cash and cash equivalents

	June 30, 2021	December 31, 2020	June 30, 2020
Petty cash and foreign currency on hand	\$ 411	516	815
Checking accounts and demand deposits	3,919,831	3,583,676	4,316,258
Time deposits	353,211	206,982	377,918
Cash equivalents – bonds under repurchase agreements	-	-	42,009
	<u>\$ 4,273,453</u>	<u>3,791,174</u>	<u>4,737,000</u>

Refer to note (6)(v) for the exchange rate risk, interest risk and the fair value sensitivity analysis of the financial assets and liabilities of the Group.

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TONG HSING ELECTRONIC INDUSTRIES, LTD. AND SUBSIDIARIES
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(b) Financial assets and liabilities at fair value through profit or loss

	June 30, 2021	December 31, 2020	June 30, 2020
Mandatorily measured at fair value through profit or loss:			
Non-derivative financial assets			
Open-end mutual funds	\$ 231,047	331,054	1,302,176
Structured deposits	557,674	284,886	-
Stock listed in domestic markets	262,956	272,946	-
Foreign private funds	200,092	179,497	-
	<u>\$ 1,251,769</u>	<u>1,068,383</u>	<u>1,302,176</u>
Current	\$ 788,721	615,940	1,302,176
Non-current	463,048	452,443	-
	<u>\$ 1,251,769</u>	<u>1,068,383</u>	<u>1,302,176</u>

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

(c) Financial assets at amortized cost

	June 30, 2021	December 31, 2020	June 30, 2020
Foreign corporate bonds	<u>\$ 222,880</u>	<u>227,840</u>	<u>-</u>

The Group has assessed that these financial assets are held-to-maturity to collect contractual cash flows, which consist solely of payments of principal and interest on principal amount outstanding. Therefore, these investments were classified as financial assets measured at amortized cost.

- (i) The Group purchased the bond with a face value of USD 8,000 thousand, in October 2020, with a coupon rate of 3.75%.
- (ii) Please refer to note (6)(v) for credit risk.
- (iii) As of June 30, 2021, December 31 and June 30, 2020, the Group did not provide any aforementioned financial assets as collaterals for its loans.

(d) Notes and accounts receivable

	June 30, 2021	December 31, 2020	June 30, 2020
Accounts receivable – measured at amortized cost	\$ 2,242,358	1,871,703	1,657,884
Less: allowance for impairment	(80,498)	(51,130)	(55,822)
	<u>\$ 2,161,860</u>	<u>1,820,573</u>	<u>1,602,062</u>

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TONG HSING ELECTRONIC INDUSTRIES, LTD. AND SUBSIDIARIES
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The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics of the customer's ability to pay all due amounts in accordance with contract terms, as well as incorporated forward looking information, including overall economic environment and related industrial information. The loss allowance provision was determined as follows:

(i) Credit rate A

Aging interval	June 30, 2021		
	Carrying amount of notes and accounts receivable	Weighted-average expected loss rate	Loss allowance provision
1 to 30 days	\$ 121,865	-	-
31 to 60 days	72,570	0.49%	354
61 to 90 days	21,538	1.50%	323
91 to 120 days	8,603	5.00%	430
121 to 180 days	1,578	10.00%	158
	\$ 226,154		1,265
Aging interval	December 31, 2020		
	Carrying amount of notes and accounts receivable	Weighted-average expected loss rate	Loss allowance provision
1 to 30 days	\$ 69,930	-	-
31 to 60 days	74,494	0.50%	373
61 to 90 days	21,013	1.50%	315
91 to 120 days	1,725	5.00%	86
121 to 180 days	983	10.00%	99
181 to 360 days	1,211	50.00%	605
More than 361 days	211	100.00%	211
	\$ 169,567		1,689

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TONG HSING ELECTRONIC INDUSTRIES, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

<u>Aging interval</u>	<u>June 30, 2020</u>		
	Carrying amount of notes and accounts receivable	Weighted- average expected loss rate	Loss allowance provision
1 to 30 days	\$ 77,837	-	-
31 to 60 days	49,226	0.50%	246
61 to 90 days	9,907	1.50%	149
91 to 120 days	5,228	5.00%	261
121 to 180 days	1,826	10.00%	183
181 to 360 days	211	50.00%	105
	<u>\$ 144,235</u>		<u>944</u>

(ii) Credit rate B

<u>Aging interval</u>	<u>June 30, 2021</u>		
	Carrying amount of notes and accounts receivable	Weighted- average expected loss rate	Loss allowance provision
1 to 30 days	\$ 996,039	1.14%	11,358
31 to 60 days	721,377	3.89%	28,078
61 to 90 days	183,969	8.44%	15,533
91 to 120 days	111,257	19.95%	22,195
121 to 180 days	3,424	56.40%	1,931
181 to 360 days	130	100.00%	130
More than 361 days	8	100.00%	8
	<u>\$ 2,016,204</u>		<u>79,233</u>

<u>Aging interval</u>	<u>December 31, 2020</u>		
	Carrying amount of notes and accounts receivable	Weighted- average expected loss rate	Loss allowance provision
1 to 30 days	\$ 899,531	1.24%	11,143
31 to 60 days	620,275	3.41%	21,160
61 to 90 days	160,226	7.78%	12,469
91 to 120 days	21,471	20.00%	4,294
121 to 180 days	515	50.00%	257
181 to 360 days	1	100.00%	1
More than 361 days	117	100.00%	117
	<u>\$ 1,702,136</u>		<u>49,441</u>

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TONG HSING ELECTRONIC INDUSTRIES, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

<u>Aging interval</u>	<u>June 30, 2020</u>		
	Carrying amount of notes and accounts receivable	Weighted- average expected loss rate	Loss allowance provision
1 to 30 days	\$ 737,363	1.23%	9,103
31 to 60 days	609,921	3.34%	20,370
61 to 90 days	89,549	7.96%	7,124
91 to 120 days	70,204	19.32%	13,564
121 to 180 days	3,790	50.00%	1,895
181 to 360 days	1,334	100.00%	1,334
More than 361 days	1,488	100.00%	1,488
	<u>\$ 1,513,649</u>		<u>54,878</u>

The movements in the allowance for notes and accounts receivable were as follows:

	<u>For the six months ended June 30,</u>	
	<u>2021</u>	<u>2020</u>
The beginning of period	\$ 51,130	65,471
Acquisition through business combination	-	626
Impairment loss recognized (reversed)	29,708	(10,266)
Amounts written off	(319)	-
Effect of movements in exchange rates	(21)	(9)
The end of period	<u>\$ 80,498</u>	<u>55,822</u>

As of the reporting date, the Group did not provide any notes and accounts receivable as collaterals for its loans.

(e) Inventories

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Finished goods	\$ 143,719	197,628	153,896
Semi-finished goods	190,546	182,700	211,489
Work in progress	378,465	299,637	247,143
Raw materials	626,206	619,627	729,064
Indirect materials	237,136	219,589	233,384
	<u>\$ 1,576,072</u>	<u>1,519,181</u>	<u>1,574,976</u>

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TONG HSING ELECTRONIC INDUSTRIES, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (i) The Group recognized the inventory losses because of the write-down of the net realizable value. It also reversed its allowance for inventory valuation and obsolescence loss because the net realizable value was no longer lower than the cost after the disposal of obsolete inventories.

The details of the cost of sales were as follows:

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2021	2020	2021	2020
Current operating cost for write-downs (recoveries) on inventory valuation and obsolescence	\$ <u>4,962</u>	<u>(1,135)</u>	<u>12,846</u>	<u>(10,195)</u>

- (ii) As of the reporting date, the Group did not provide any inventories as collaterals for its loans.

- (f) Business combination - acquisition of subsidiary

On June 19, 2020, the Group obtained control over KINGPAK by acquiring 100% of its issued and outstanding shares through stock exchange. The major business activities of KINGPAK are the sales and manufacturing of automobile related packing field and safety monitoring related CMOS image sensor.

Taking control over KINGPAK will not only integrate the customers, product lines, and technology of the Group and KINGPAK, it will also improve their production resource efficiency. The Group continuously enhances the technology of CMOS image sensor in order to expand the application of smartphones, internet usage for logistics and vehicles, unmanned vehicles, market on virtual and augmented reality to provide more complete CMOS image sensor packaging testing services to customers and lead the market on electronic parts and components manufacturing.

If the acquisition had occurred on January 1, 2020, the management estimates that the consolidated net sales revenue and the consolidated profit for the six months ended June 30, 2020 would have been \$5,075,349 and \$340,211, respectively. In determining these amounts, the management has assumed that the fair value adjustments that arose on the acquisition date would have been the same.

The following table summarizes the consideration transferred, the assets acquired and the liabilities assumed at the acquisition date.

- (i) Consideration transferred

Equity instruments issued	\$ <u>10,800,443</u>
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71,290,049 ordinary shares, with fair value of \$10,800,443, were issued as the consideration transferred for the purchase of KINGPAK based on the listed share price of the Company on June 19, 2020.

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TONG HSING ELECTRONIC INDUSTRIES, LTD. AND SUBSIDIARIES
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- (ii) The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the acquisition date.

Cash and cash equivalents	\$ 1,211,838
Notes and accounts receivable, net	398,664
Other receivables	7,176
Other financial assets	5,903
Inventories	335,215
Prepayments	6,601
Other current assets	769
Property, plant and equipment	1,456,247
Right-of-use assets	4,374
Intangible assets	1,204,487
Deferred tax assets	46,880
Other non-current assets	10,154
Short-term borrowings	(280,000)
Short-term notes and bills payable	(50,000)
Contract liabilities	(53,460)
Notes and accounts payable	(296,533)
Other payables	(347,754)
Current tax liabilities	(102,297)
Current provisions	(139,124)
Lease liabilities	(4,208)
Other current liabilities	(10,948)
Deferred income tax liabilities	(217)
	<u>\$ 3,403,767</u>

- (iii) Goodwill

Goodwill arising from the acquisition has been recognized as follows:

Consideration transferred	\$ 10,800,443
Less: Fair value of identifiable net assets	<u>3,403,767</u>
	<u>\$ 7,396,676</u>

Goodwill is mainly derived from control premium, synergies, sales increase, market trend and employee value. However, the benefits resulting from those items mentioned above failed to meet the conditions of identifiable intangible assets; therefore, they cannot be recognized separately.

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TONG HSING ELECTRONIC INDUSTRIES, LTD. AND SUBSIDIARIES
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(g) Property, plant and equipment

The cost and depreciation of the property, plant and equipment of the Group were as follows:

	Land	Buildings and structures	Machinery and equipment	Office equipment	Leasehold improvements	Unfinished construction and equipment under acceptance	Total
Cost or deemed cost:							
Balance on January 1, 2021	\$ 2,394,630	2,962,779	6,099,011	320,949	1,894	350,239	12,129,502
Additions	-	29,022	148,486	54,533	-	426,069	658,110
Transferred in (out)	-	52,594	102,843	18,280	-	(176,618)	(2,901)
Disposals	-	(32,307)	(479,286)	(4,358)	-	-	(515,951)
Effects of movements in exchange rates	-	(9,478)	(31,148)	(4,748)	(41)	(437)	(45,852)
Balance on June 30, 2021	<u>\$ 2,394,630</u>	<u>3,002,610</u>	<u>5,839,906</u>	<u>384,656</u>	<u>1,853</u>	<u>599,253</u>	<u>12,222,908</u>
Balance on January 1, 2020	\$ 1,850,862	2,583,318	4,001,748	379,311	1,994	121,224	8,938,457
Acquisition through business combination	543,768	257,053	1,009,362	9,654	-	220,269	2,040,106
Additions	-	17,174	264,400	12,868	-	187,483	481,925
Transferred in (out)	-	452	58,477	255	-	(59,184)	-
Disposals	-	(3,329)	(106,770)	(3,429)	-	(5,779)	(119,307)
Effects of movements in exchange rates	-	(5,348)	(19,414)	(2,603)	(23)	(190)	(27,578)
Balance on June 30, 2020	<u>\$ 2,394,630</u>	<u>2,849,320</u>	<u>5,207,803</u>	<u>396,056</u>	<u>1,971</u>	<u>463,823</u>	<u>11,313,603</u>
Depreciation and impairment loss:							
Balance on January 1, 2021	\$ -	752,181	3,304,846	246,364	834	-	4,304,225
Depreciation for the six months ended June 30, 2021	-	87,474	617,861	26,113	38	-	731,486
Impairment loss reversed	-	-	(3,380)	-	-	-	(3,380)
Disposals	-	(32,307)	(478,708)	(4,358)	-	-	(515,373)
Effects of movements in exchange rates	-	(3,840)	(28,759)	(4,169)	(19)	-	(36,787)
Balance on June 30, 2021	<u>\$ -</u>	<u>803,508</u>	<u>3,411,860</u>	<u>263,950</u>	<u>853</u>	<u>-</u>	<u>4,480,171</u>
Balance on January 1, 2020	\$ -	551,651	2,520,521	281,395	798	-	3,354,365
Acquisition through business combination	-	75,549	503,812	4,498	-	-	583,859
Depreciation for the six months ended June 30, 2020	-	71,082	279,301	26,635	40	-	377,058
Disposals	-	(3,329)	(106,770)	(3,429)	-	-	(113,528)
Effects of movements in exchange rates	-	(2,000)	(17,643)	(2,282)	(10)	-	(21,935)
Balance on June 30, 2020	<u>\$ -</u>	<u>692,953</u>	<u>3,179,221</u>	<u>306,817</u>	<u>828</u>	<u>-</u>	<u>4,179,819</u>

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	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery and equipment</u>	<u>Office equipment</u>	<u>Leasehold improvements</u>	<u>Unfinished construction and equipment under acceptance</u>	<u>Total</u>
Book value:							
Balance on January 1, 2021	\$ 2,394,630	2,210,598	2,794,165	74,585	1,060	350,239	7,825,277
Balance on June 30, 2021	\$ 2,394,630	2,199,102	2,428,046	120,706	1,000	599,253	7,742,737
Balance on January 1, 2020	\$ 1,850,862	2,031,667	1,481,227	97,916	1,196	121,224	5,584,092
Balance on June 30, 2020	\$ 2,394,630	2,156,367	2,028,582	89,239	1,143	463,823	7,133,784

The Group contracted with Chung-Lin General Contractors, Ltd. for the construction of the plant in Bade District, Taoyuan City. The total amount of contract is \$3,200,000. As of June 30, 2021, the amount of \$304,000 had been paid.

As of June 30, 2021, December 31 and June 30, 2020, the Group had provided property, plant and equipment as collateral for its loans. Please refer to note (8) for details.

(h) Right-of-use assets

The Group leases many assets including land, staff dormitories and office equipment. Information about leases for which the Group as a lessee is presented below:

	<u>Land</u>	<u>Buildings and structures</u>	<u>Office equipment</u>	<u>Total</u>
Cost:				
Balance on January 1, 2021	\$ 84,620	15,984	19,216	119,820
Additions	-	17,263	-	17,263
Deductions	-	(9,807)	(1,569)	(11,376)
Balance on June 30, 2021	\$ 84,620	23,440	17,647	125,707
Balance on January 1, 2020	\$ 97,756	16,823	19,949	134,528
Acquisition through business combination	4,956	1,671	2,958	9,585
Additions	-	-	509	509
Deductions	(23,061)	-	-	(23,061)
Balance on June 30, 2020	\$ 79,651	18,494	23,416	121,561
Depreciation and impairment loss:				
Balance on January 1, 2021	\$ 2,715	4,937	3,520	11,172
Depreciation for the six months ended June 30, 2021	2,729	4,022	1,944	8,695
Deductions	-	(4,514)	(499)	(5,013)
Balance on June 30, 2021	\$ 5,444	4,445	4,965	14,854
Balance on January 1, 2020	\$ 2,715	3,685	1,608	8,008
Acquisition through business combination	4,361	529	321	5,211
Depreciation for the six months ended June 30, 2020	1,316	2,199	1,468	4,983
Deductions	(3,394)	-	-	(3,394)
Balance on June 30, 2020	\$ 4,998	6,413	3,397	14,808

(Continued)

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	Land	Buildings and structures	Office equipment	Total
Book value:				
Balance on January 1, 2021	\$ 81,905	11,047	15,696	108,648
Balance on June 30, 2021	\$ 79,176	18,995	12,682	110,853
Balance on January 1, 2020	\$ 95,041	13,138	18,341	126,520
Balance on June 30, 2020	\$ 74,653	12,081	20,019	106,753

(i) Intangible Assets

The cost and amortization of intangible assets of the Group were as follows:

	Goodwill	Patents and others	Cost of computer software	Customer relationship	Total
Cost:					
Balance on January 1, 2021	\$ 7,448,612	958,013	43,949	405,476	8,856,050
Additions	-	-	1,300	-	1,300
Transferred in (out)	-	(291)	(8,445)	-	(8,736)
Disposals	-	(259)	-	-	(259)
Balance on June 30, 2021	\$ 7,448,612	957,463	36,804	405,476	8,848,355
Balance on January 1, 2020	\$ 51,936	25,462	29,242	41,776	148,416
Acquisition through business combination	7,396,876	925,504	6,754	371,800	8,700,934
Additions	-	-	2,057	-	2,057
Disposals	-	-	(668)	-	(668)
Balance on June 30, 2020	\$ 7,448,812	950,966	37,385	413,576	8,850,739
Amortization and impairment loss:					
Balance on January 1, 2021	\$ -	163,299	22,317	56,144	241,760
Amortization for the six months ended June 30, 2021	-	38,757	6,336	13,471	58,564
Transferred in (out)	-	(217)	(8,445)	-	(8,662)
Disposals	-	(152)	-	-	(152)
Balance on June 30, 2021	\$ -	201,687	20,208	69,615	291,510
Balance on January 1, 2020	\$ -	25,462	12,238	41,776	79,476
Acquisition through business combination	-	97,404	2,367	-	99,771
Amortization for the six months ended June 30, 2020	-	3,336	5,052	3,910	12,298
Disposals	-	-	(668)	-	(668)
Balance on June 30, 2020	\$ -	126,202	18,989	45,686	190,877
Book value:					
Balance on January 1, 2021	\$ 7,448,612	794,714	21,632	349,332	8,614,290
Balance on June 30, 2021	\$ 7,448,612	755,776	16,596	335,861	8,556,845
Balance on January 1, 2020	\$ 51,936	-	17,004	-	68,940
Balance on June 30, 2020	\$ 7,448,812	824,764	18,396	367,890	8,659,862

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(j) Short-term borrowings

Details of short-term borrowings were as follows:

	June 30, 2021	December 31, 2020	June 30, 2020
Credit loans	\$ -	269,000	420,000
Secured loans	-	-	-
Total	<u>\$ -</u>	<u>269,000</u>	<u>420,000</u>
Unused short-term credit lines	<u>\$ 3,674,200</u>	<u>3,262,545</u>	<u>3,363,829</u>
Range of interest rates	<u>\$ -</u>	<u>0.89%~0.9%</u>	<u>0.90%~1.10%</u>

(i) Issuance and Repayment of Loans:

For the six months ended June 30, 2021, the Group increased its short-term borrowings by \$673,000 and the repayment amounted to \$942,000. The Group increased its short-term borrowings by \$280,000 through business combination on June 30, 2020, for the six months ended June 30, 2020, the Group increased its short-term borrowings by \$173,237, and the repayment amounted to \$33,237. The short-term borrowings were due in June 2021.

(ii) Please refer to note (8) for the information about the Group providing assets as collateral for part of its borrowings and credit lines.

(iii) Please refer to note (6)(v) for the exchange rate risk, interest risk and the fair value sensitivity analysis of the financial assets and liabilities of the Group.

(k) Long-term borrowings

Details of long-term borrowings were as follows:

	June 30, 2021	December 31, 2020	June 30, 2020
Credit loans	\$ 63,000	-	-
Less: Discounts on government grants	526	-	-
	<u>\$ 62,474</u>	<u>-</u>	<u>-</u>
Unused long-term credit lines	<u>\$ 8,857,000</u>	<u>5,300,000</u>	<u>3,200,000</u>
Range of interest rates	<u>0.6%~0.8%</u>	<u>-</u>	<u>-</u>
Expiration	2031	-	-

(i) Issuance and repayment of loans

There were no significant issues, repurchases and repayments of long-term borrowings for the six months ended June 30, 2020. Please refer to note(6)(k) of the 2020 annual consolidated financial statements for other related information.

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TONG HSING ELECTRONIC INDUSTRIES, LTD. AND SUBSIDIARIES
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- (ii) As of June 30, 2021, the Group received a preferential interest rate loan of \$63,000 from the government's "Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan". The amount was used in capital expenditure and operating turnover. The loan was expected to be repaid until April 2031. Using the prevailing market interest rate at an equivalent loan rate of 0.75%, the fair value of the loan was estimated at \$62,465 on initial recognition. The difference of \$535 between the proceeds and the fair value of the loan was the benefit derived from the preferential interest rate loan, and had been recognized as deferred revenue recorded under other non-current liabilities, which is being amortized over the purpose of loans.
- (iii) Please refer to note (8) for the information about the Group providing assets as collateral for part of its long-term borrowings.

(l) Other payables

Details of other payables were as follows:

	June 30, 2021	December 31, 2020	June 30, 2020
Salaries, employees' compensation and directors' and supervisors' remuneration	\$ 778,655	724,361	546,168
Payable on machinery and equipment	152,961	125,812	108,615
Accrued employee benefit liabilities	49,283	47,484	44,923
Accrued expenses	<u>624,365</u>	<u>597,991</u>	<u>584,265</u>
	<u>\$ 1,605,264</u>	<u>1,495,648</u>	<u>1,283,971</u>

The accrued expenses included professional service fees, commission, labor insurance and health insurance, etc.

(m) Provision

	June 30, 2021	December 31, 2020	June 30, 2020
Compensation	\$ <u>141,313</u>	<u>140,808</u>	<u>139,124</u>

The provision for compensation losses was due to product defects. The Group has determined the most likely outcome of the compensation in accordance with the best estimation expenditure required for the obligation to recognize the compensation liabilities.

(Continued)

TONG HSING ELECTRONIC INDUSTRIES, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(n) Lease liabilities

The details of lease liabilities were as follows:

	<u>June 30,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>	<u>June 30,</u> <u>2020</u>
Current	\$ <u>18,876</u>	<u>13,189</u>	<u>11,254</u>
Non-current	\$ <u>92,976</u>	<u>96,175</u>	<u>95,959</u>

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

The amounts recognized in profit or loss were as follows:

	<u>For the three months ended</u> <u>June 30,</u>		<u>For the six months ended</u> <u>June 30,</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Interest on lease liabilities	\$ <u>500</u>	<u>471</u>	<u>977</u>	<u>1,041</u>
Variable lease payments not included in the measurement of lease liabilities	\$ <u>16,908</u>	<u>22,849</u>	<u>47,716</u>	<u>58,933</u>
Expenses relating to short-term leases	\$ <u>2,110</u>	<u>2,257</u>	<u>4,412</u>	<u>4,698</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>127</u>	<u>12</u>	<u>139</u>	<u>23</u>

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

	<u>For the six months ended</u> <u>June 30,</u>	
	<u>2021</u>	<u>2020</u>
Total cash outflow for leases	\$ <u>61,538</u>	<u>68,866</u>

(i) Real estate leases

The Group leases land, buildings and structures for its factory, staffs' dormitories, parking lots and office. The leases typically run for a period of one to twenty years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

(ii) Other leases

The Group leases office equipment, with lease terms of two to five years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

(Continued)

TONG HSING ELECTRONIC INDUSTRIES, LTD. AND SUBSIDIARIES
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Some lease payments are based on actual usage in the period.

The Group also leases vehicles, copying machines and office equipment with lease terms of one to five years. These leases are short-term and leases of low-value items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

(o) Employee benefits

(i) Defined benefit plans

There was no material volatility of the market, material reimbursement and settlement, or other material one-time event since the prior fiscal year. As a result, the pension cost in the accompanying interim financial statements was measured and disclosed according to the actuarial report as of December 31, 2020 and 2019.

The expenses recognized in profit or loss for the Group amounted to \$5,251 and \$4,771 for the three months ended June 30, 2021 and 2020, respectively, and \$10,567 and \$9,529 for the six months ended June 30, 2021 and 2020, respectively.

(ii) Defined contribution plan

The Group's pension costs under the defined contribution method amounted to \$18,266 and \$13,029 for the three months ended June 30, 2021 and 2020, respectively, and \$36,393 and \$24,810 for the six months ended June 30, 2021 and 2020, respectively.

(p) Income Taxes

(i) The amount of income tax expense was follows:

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2021	2020	2021	2020
Current tax expense	<u>\$ 74,431</u>	<u>79,897</u>	<u>180,444</u>	<u>151,277</u>

(ii) The amounts of income tax benefit recognized in other comprehensive income were as follows:

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2021	2020	2021	2020
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign financial statements	<u>\$ (6,882)</u>	<u>(6,067)</u>	<u>(5,913)</u>	<u>(3,569)</u>

(Continued)

TONG HSING ELECTRONIC INDUSTRIES, LTD. AND SUBSIDIARIES
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(iii) The Group's income tax returns are calculated and filed based on the local tax law of the Company, KINGPAK and THEPI.

(iv) Examination and approval

The ROC tax authorities have examined of income tax returns the Company and KINGPAK through 2018 and 2016, respectively.

(q) Capital and other equity

Except for the following paragraph, there were no significant changes between the capital and other equity for the six months ended June 30, 2021 and 2020. Please refer to note (6)(q) of the consolidated financial statements for the year ended December 31, 2020.

(i) Ordinary shares

As of June 19, 2020, the Company issued 71,290 thousand ordinary shares as the consideration transferred for acquiring 100% ownership of KINGPAK through stock exchange. Please refer to note (6)(f) for the information on business combination.

The employee stock options were exercised due to business combination for the year ended 2020 amounted to \$758, resulting in a capital surplus of \$2,056. The registration procedure of the employee stock options was completed on October 23, 2020.

The annual stockholders' meeting resolved to conduct a capital reduction by cash amounting to \$578,751 on June 5, 2020, whereby 57,875 thousand ordinary shares were cancelled, resulting in the capital to decrease by 24.4%. The capital reduction was approved by the authority on August 26, 2020. In addition, the effective date of capital reduction was September 1, 2020, and the registration procedure was completed on October 23, 2020.

The restricted stocks were cancelled due to the employees fail to meet the vesting conditions amounting to \$1,400, and registration procedures were completed on January 15, 2021, and January 21, 2021, respectively.

(ii) Capital surplus

The balances of capital surplus were as follows:

	June 30, 2021	December 31, 2020	June 30, 2020
Capital surplus — additional paid-in capital	\$ 15,002,891	15,002,891	15,030,567
Employment restricted shares	61,058	61,058	-
Other	<u>56,219</u>	<u>56,219</u>	<u>56,219</u>
	<u>\$ 15,120,168</u>	<u>15,120,168</u>	<u>15,086,786</u>

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TONG HSING ELECTRONIC INDUSTRIES, LTD. AND SUBSIDIARIES
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(iii) Retained earnings

In accordance with the Company's articles of incorporation, the Company's net earnings shall first defray tax due, and offset the prior years' deficit. Of the remaining balance, 10% is to be appropriated as legal reserve. The appropriation for legal reserve is discontinued when the balance of the legal reserve equals the total authorized capital, and an amount equal to a net debit balance of stockholders' equity is appropriated as a special reserve. The remaining balance and the accumulated unappropriated earnings of prior years, if any, may be appropriated according to the proposal presented in the annual stockholders' meeting by the board of directors, and be distributed as dividends to stockholders after the approval of the annual stockholders' meeting. Based on the policy on stock dividends and in accordance with such factors as the development plan, investment environment, capital requirements, competitive environment, and benefits to stockholders, the dividends to be distributed to shareholders shall appropriate 60% or more of the appropriated earnings, and the cash dividends shall not be less than 30% of the total amount of dividends. After considering the actual profit and capital situation, the amount of dividends is determined by the board of directors and approved by the stockholders at their annual meeting.

1) Earnings distribution

Earnings distribution for 2020 and 2019 were approved via the annual meeting of shareholders held on July 7, 2021 and June 5, 2020, respectively. The relevant dividend distributions to shareholders were as follows:

	2020		2019	
	<u>Amount per share</u>	<u>Total amount</u>	<u>Amount per share</u>	<u>Total amount</u>
Dividends distributed to ordinary shareholders				
Cash	\$ 5.50	<u>982,896</u>	2.44484149	<u>578,751</u>

The related information about earnings distribution can be accessed from the Market Observation Post System Website.

(r) Shares-based payment

There was no significant change on the share-based payment during the six months ended June 30, 2021 and 2020 respectively. Please refer to note (6)(r) of the consolidated financial statements for the year ended December 31, 2020.

As of June 30, 2021, the unearned employee compensation was \$15,133. The compensation cost related to the restricted shares amounted to \$8,135 for the six months ended June 30, 2021.

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TONG HSING ELECTRONIC INDUSTRIES, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(s) Earnings per share

	For the three months ended June 30,		For the six months ended June 30,	
	2021	2020	2021	2020
Basic earnings per share (NTD):				
Profit attributable to ordinary stockholders of the Company	\$ <u>628,336</u>	<u>297,803</u>	<u>1,107,459</u>	<u>570,151</u>
Weighted-average number of ordinary shares (thousands)	<u>178,474</u>	<u>174,686</u>	<u>178,474</u>	<u>170,022</u>
Basic earnings per share (NTD)	\$ <u>3.52</u>	<u>1.70</u>	<u>6.21</u>	<u>3.35</u>
Diluted earnings per share (NTD):				
Profit attributable to ordinary stockholders of the Company (diluted)	\$ <u>628,336</u>	<u>297,803</u>	<u>1,107,459</u>	<u>570,151</u>
Weighted-average number of ordinary shares (thousands)	178,474	174,686	178,474	170,022
Effect of employee remuneration (thousands)	382	443	586	732
Effect of employee restricted shares (thousands)	139	88	139	88
Weighted-average number of ordinary shares (diluted) (thousands)	<u>178,995</u>	<u>175,217</u>	<u>179,199</u>	<u>170,842</u>
Diluted earnings per share (NTD)	\$ <u>3.51</u>	<u>1.70</u>	<u>6.18</u>	<u>3.34</u>

(t) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended June 30, 2021				
	BU1	BU2	BU3	Others	Total
Primary geographical markets:					
Singapore	\$ 81,694	56,997	548,256	141,792	828,739
Malaysia	250,355	252,182	14,463	558	517,558
Switzerland	-	497,262	18,252	2,590	518,104
United States	68,127	19,833	289,120	17,799	394,879
Hong Kong	45,407	1,722	239,757	709	287,595
Japan	2,460	283,965	4,830	17	291,272
China	98,192	136,479	53,428	165	288,264
Others	90,711	32,874	157,664	26,924	308,173
	<u>\$ 636,946</u>	<u>1,281,314</u>	<u>1,325,770</u>	<u>190,554</u>	<u>3,434,584</u>

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TONG HSING ELECTRONIC INDUSTRIES, LTD. AND SUBSIDIARIES
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	For the three months ended June 30, 2021				
	BU1	BU2	BU3	Others	Total
Major products/services lines:					
Image sensors	\$ -	852,232	711,743	129,486	1,693,461
Metalized ceramic substrates	636,946	-	242,733	13,847	893,526
Hybrid integrated circuits	-	424,069	206,298	4,644	635,011
RF modules	-	5,013	164,996	2,542	172,551
Others	-	-	-	40,035	40,035
	<u>\$ 636,946</u>	<u>1,281,314</u>	<u>1,325,770</u>	<u>190,554</u>	<u>3,434,584</u>
	For the three months ended June 30, 2020				
	BU1	BU2	BU3	Others	Total
Primary geographical markets:					
Singapore	\$ 70,330	2,129	681,409	13,209	767,077
Malaysia	105,524	142,885	16,874	100	265,383
Switzerland	179	55,981	10,174	85	66,419
United States	36,322	16,650	229,169	17,381	299,522
Hong Kong	17,479	1,009	279,211	713	298,412
Japan	725	21,948	6,365	320	29,358
China	49,940	59,736	30,041	286	140,003
Others	40,093	14,667	123,958	17,761	196,479
	<u>\$ 320,592</u>	<u>315,005</u>	<u>1,377,201</u>	<u>49,855</u>	<u>2,062,653</u>
Major products/services lines:					
Image sensors	\$ -	81,739	864,543	-	946,282
Metalized ceramic substrates	319,955	-	178,388	-	498,343
Hybrid integrated circuits	637	219,388	174,867	-	394,892
RF modules	-	13,878	159,403	-	173,281
Others	-	-	-	49,855	49,855
	<u>\$ 320,592</u>	<u>315,005</u>	<u>1,377,201</u>	<u>49,855</u>	<u>2,062,653</u>

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	For the six months ended June 30, 2021				
	BU1	BU2	BU3	Others	Total
Primary geographical markets:					
Singapore	\$ 158,094	97,875	1,215,943	152,954	1,624,866
Malaysia	477,891	505,261	22,075	881	1,006,108
Switzerland	211	931,329	29,578	4,318	965,436
United States	113,508	38,217	521,980	33,373	707,078
Hong Kong	88,119	2,476	546,520	1,465	638,580
Japan	3,726	532,838	10,444	1,133	548,141
China	166,850	256,923	89,668	2,084	515,525
Others	173,967	62,095	278,615	55,435	570,112
	\$ 1,182,366	2,427,014	2,714,823	251,643	6,575,846
Major products/services lines:					
Image sensors	\$ -	1,587,629	1,619,171	142,734	3,349,534
Metalized ceramic substrates	1,182,366	-	434,017	14,758	1,631,141
Hybrid integrated circuits	-	828,563	381,691	8,219	1,218,473
RF modules	-	10,822	279,944	3,433	294,199
Others	-	-	-	82,499	82,499
	\$ 1,182,366	2,427,014	2,714,823	251,643	6,575,846
	For the six months ended June 30, 2020				
	BU1	BU2	BU3	Others	Total
Primary geographical markets:					
Singapore	\$ 127,828	2,129	1,270,947	21,617	1,422,521
Malaysia	267,218	331,541	35,483	100	634,342
Switzerland	179	67,230	16,546	122	84,077
United States	62,261	35,272	441,461	36,408	575,402
Hong Kong	44,585	1,307	514,147	1,380	561,419
Japan	1,540	21,948	15,499	632	39,619
China	101,361	104,464	84,052	403	290,280
Others	100,945	32,616	243,418	31,219	408,198
	\$ 705,917	596,507	2,621,553	91,881	4,015,858
Major products/services lines:					
Image sensors	\$ -	92,988	1,561,360	-	1,654,348
Metalized ceramic substrates	705,071	-	356,621	-	1,061,692
Hybrid integrated circuits	846	476,752	378,054	-	855,652
RF modules	-	26,767	325,518	-	352,285
Others	-	-	-	91,881	91,881
	\$ 705,917	596,507	2,621,553	91,881	4,015,858

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(ii) Contract balances

	June 30, 2021	December 31, 2020	June 30, 2020
Accounts receivable	\$ 2,242,358	1,871,703	1,657,884
Contract assets – image sensors product (recorded under other current assets)	117,577	82,344	85,313
Less: allowance for impairment	<u>(80,498)</u>	<u>(51,130)</u>	<u>(55,822)</u>
Total	<u>\$ 2,279,437</u>	<u>1,902,917</u>	<u>1,687,375</u>
Contract liabilities – advance sales receipts	<u>\$ 341,823</u>	<u>339,573</u>	<u>339,280</u>

For details on accounts receivable and allowance for impairment, please refer to note (6)(d).

The amounts of revenue recognized for the six months ended June 30, 2021 and 2020 that were included in the contract liabilities balance at the beginning of the period were \$17,201 and \$180, respectively.

The major change in the balance of contract assets and contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received.

(u) Employee compensation and directors' remuneration

Based on the Company's articles of incorporation, once the Company has an annual profit, it should appropriate 5% or more of the profit to its employees and 2% or less as directors' remuneration. The Company should offset the prior years' accumulated deficit before any appropriation of profit then appropriate employee compensation and remuneration of directors at the above rate. Employee compensation shall be paid in cash or stock, and the remuneration of directors and supervisors shall be paid in cash.

For the three months ended June 30, 2021 and 2020, the Company estimated its employee remuneration amounting to \$42,007 and \$32,447, respectively, and \$81,100 and \$62,057, for the six months ended June 30, 2021 and 2020, respectively. The remuneration of directors amounted to \$15,339 and \$8,112 for the three months ended June 30, 2021 and 2020, respectively, and \$25,112 and \$15,514 for the six months ended June 30, 2021 and 2020, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees and directors of each period, multiplied by the percentage of remuneration to employees and directors as determined by the management. These remunerations were expensed under operating costs or operating expenses during 2021 and 2020. The differences between the amounts approved in the Board of Directors' meeting and those recognized in the financial statement, if any, are accounted for as changes in accounting estimates and recognized as profit or loss in the following year. The numbers of shares to be distributed were calculated based on the closing price of the Company's ordinary shares one day before the date of the meeting of the board of directors.

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For the years ended December 31, 2020 and 2019, the employee compensation amounted to \$106,720 and \$66,728, respectively, and remuneration of directors amounted to \$38,354 and \$18,938, respectively, for both periods, which had no difference from the actual distribution. Related information would be available on the Market Observation Post System Website.

(v) Financial Instruments

Except for those described below, there were no significant changes in the fair value of the Group's financial instruments and degree of exposure to credit risk, liquidity risk, and market risk arising from financial instruments. For related information, please refer to note (6)(v) of the consolidated financial statements for the year ended December 31, 2020.

(i) Credit risk

1) Exposure to credit risk

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

2) The concentration of credit risk

The Group caters to a wide variety of customers and has a diverse market distribution, therefore, the Group does not have a significant credit risk concentration. In order to reduce the credit risk, the Group monitors the financial conditions of customers regularly. However, the Group usually does not require customers to provide any collateral.

3) Receivables credit risk

For credit risk exposure of notes and trade receivables, please refer to note (6)(d). Other financial assets at amortized cost, including other receivables and investment in bonds, are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. Regarding how the financial instruments are considered to have low credit risk, please refer to note (4)(g) of the consolidated financial statements for the year ended December 31, 2020.

The allowance for impairment of other receivables for the six months ended June 30, 2021 and 2020 were as follows:

	<u>Other receivables</u>
Balance on January 1, 2021	\$ 639
Impairment loss reversed	(23)
Effects of movements in exchange rates	(15)
Balance on June 30, 2021	<u>\$ 601</u>
Balance on January 1, 2020	\$ 1,504
Impairment loss reversed	(800)
Effects of movements in exchange rates	(6)
Balance on June 30, 2020	<u>\$ 698</u>

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(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, excluding estimated interest payments:

	<u>Carrying Amount</u>	<u>Contractual cash flows</u>	<u>Within a year</u>	<u>Over a year</u>
June 30, 2021				
Non-derivative financial liabilities:				
Notes and accounts payable	\$ 979,602	(979,602)	(979,602)	-
Other payables	1,605,264	(1,605,264)	(1,605,264)	-
Lease liabilities (including current and non-current portion)	111,852	(137,114)	(20,674)	(116,440)
Guarantee deposits received	6,077	(6,077)	-	(6,077)
Long-term borrowings	62,474	(63,000)	-	(63,000)
	<u>\$ 2,765,269</u>	<u>(2,791,057)</u>	<u>(2,605,540)</u>	<u>(185,517)</u>
December 31, 2020				
Non-derivative financial liabilities:				
Short-term borrowings	\$ 269,000	(269,000)	(269,000)	-
Short-term notes and bills payable	50,000	(50,000)	(50,000)	-
Notes and accounts payable	948,815	(948,815)	(948,815)	-
Other payables	1,495,648	(1,495,648)	(1,495,648)	-
Lease liabilities (including current and non-current portion)	109,364	(135,431)	(14,973)	(120,458)
Guarantee deposits received	4,130	(4,130)	-	(4,130)
	<u>\$ 2,876,957</u>	<u>(2,903,024)</u>	<u>(2,778,436)</u>	<u>(124,588)</u>
June 30, 2020				
Non-derivative financial liabilities:				
Short-term borrowings	\$ 420,000	(420,000)	(420,000)	-
Short-term notes and bills payable	110,000	(110,000)	(110,000)	-
Notes and accounts payable	867,325	(867,325)	(867,325)	-
Other payables	1,283,971	(1,283,971)	(1,283,971)	-
Dividends payable	578,751	(578,751)	(578,751)	-
Lease liabilities (including current and non-current portion)	107,213	(134,260)	(13,067)	(121,193)
	<u>\$ 3,367,260</u>	<u>(3,394,307)</u>	<u>(3,273,114)</u>	<u>(121,193)</u>

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

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(iii) Currency risk

1) Exposure to currency risk

The Group's significant exposures to foreign currency risk were those from its foreign currency denominated financial assets and liabilities as follows:

	June 30, 2021			December 31, 2020			June 30, 2020		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
<u>Financial assets</u>									
Monetary items									
USD	\$	138,977 USD/NTD =27.860	3,871,899	163,774 USD/NTD =28.480		4,664,284	132,782 USD/NTD =29.630		3,934,331
<u>Financial liabilities</u>									
Monetary items									
USD		11,428 USD/NTD =27.860	318,384	15,618 USD/NTD =28.480		444,801	15,985 USD/NTD =29.630		473,636
JPY		974,109 JPY/NTD = 0.2521	245,573	792,829 JPY/NTD =0.2763		219,059	621,702 JPY/NTD =0.2751		171,030

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, notes and accounts receivable, other receivables, notes and accounts payable and other payables that are denominated in foreign currency. A weakening (strengthening) of 5% of the NTD against USD and JPY for the six months ended June 30, 2021 and 2020 would have increased or decreased the net profit before tax as follows:

	For the six months ended June 30,	
	2021	2020
USD (against the NTD)		
Strengthening 5%	\$ 177,676	173,035
Weakening 5%	(177,676)	(173,035)
JPY (against the NTD)		
Strengthening 5%	(12,279)	(8,552)
Weakening 5%	12,279	8,552

As the Group deals with diverse foreign currencies, gains or losses on foreign exchange were summarized as a single amount. For the three months ended June 30, 2021 and 2020 the foreign exchange losses, including realized and unrealized portion, amounted to \$110,178 and \$33,835, respectively, and \$94,991 and 3,370 for six months ended June 30, 2021 and 2020, respectively.

(Continued)

TONG HSING ELECTRONIC INDUSTRIES, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Interest rate risk

The exposure to interest rate risk for financial assets and liabilities refers to the management of liquidity risk in this note.

The following sensitivity analysis is based on the exposure to interest rate risk of the non-derivative financial instruments on the reporting date. Regarding the assets and liabilities with variable interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 0.25% when reporting to management internally, which also represents the Group's management assessment of the reasonably possible interest rate change.

If the interest rate had increased or decreased by 0.25%, the net profit before tax would have increased or decreased by \$4,894 and \$4,867 for the six months ended June 30, 2021 and 2020, respectively, which would have mainly resulted from the bank savings and borrowings with variable interest rates.

(iv) Fair value

1) The categories and the fair values of financial instruments

The fair value of financial assets and liabilities at fair value through profit or loss is measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

	June 30, 2021				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets mandatorily measured at fair value through profit or loss (including current and non-current portion)					
Open-end mutual funds	\$ 231,047	231,047	-	-	231,047
Structured deposits	557,674	-	557,674	-	557,674
Stock listed in domestic markets	262,956	262,956	-	-	262,956
Foreign private funds	<u>200,092</u>	-	-	200,092	200,092
Subtotal	<u>1,251,769</u>				

(Continued)

TONG HSING ELECTRONIC INDUSTRIES, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	June 30, 2021				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at amortized cost					
Cash and cash equivalents	4,273,453	-	-	-	-
Notes and accounts receivable, net	2,161,860	-	-	-	-
Other receivables	8,422	-	-	-	-
Other financial assets – current	31,314	-	-	-	-
Foreign corporate bonds	222,880	-	-	-	-
Other financial assets – non-current	5,405	-	-	-	-
Refundable deposits (recorded under other non-current assets)	<u>12,530</u>	-	-	-	-
Subtotal	<u>6,715,864</u>				
Total	<u>\$ 7,967,633</u>				
Financial liabilities measured at amortized cost					
Notes and accounts payable	\$ 979,602	-	-	-	-
Other payables	1,605,264	-	-	-	-
Lease liabilities (including current and non-current portion)	111,852	-	-	-	-
Guarantee deposits received	6,077	-	-	-	-
Long-term borrowing	<u>62,474</u>				
Total	<u>\$ 2,765,269</u>				

(Continued)

TONG HSING ELECTRONIC INDUSTRIES, LTD. AND SUBSIDIARIES
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	December 31, 2020				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets mandatorily measured at fair value through profit or loss (including current and non-current portion)					
Open-end mutual funds	\$ 331,054	331,054	-	-	331,054
Structured deposits	284,886	-	284,886	-	284,886
Stock listed in domestic markets	272,946	272,946	-	-	272,946
Foreign private funds	<u>179,497</u>	-	-	179,497	179,497
	<u>1,068,383</u>				
Financial assets measured at amortized cost					
Cash and cash equivalents	3,791,174	-	-	-	-
Notes and accounts receivable, net	1,820,573	-	-	-	-
Other receivables	6,815	-	-	-	-
Other financial assets – current	36,857	-	-	-	-
Foreign corporate bonds	227,840	-	-	-	-
Other financial assets – non-current	5,405	-	-	-	-
Refundable deposits (recorded under other non-current assets)	<u>10,713</u>	-	-	-	-
Subtotal	<u>5,899,377</u>				
Total	<u>\$ 6,967,760</u>				
Financial liabilities measured at amortized cost					
Short-term borrowings	\$ 269,000	-	-	-	-
Short-term notes and bills payable	50,000	-	-	-	-
Notes and accounts payable	948,815	-	-	-	-
Other payables	1,495,648	-	-	-	-
Lease liabilities (including current and non-current portion)	109,364	-	-	-	-
Guarantee deposits received	<u>4,130</u>	-	-	-	-
Total	<u>\$ 2,876,957</u>				

(Continued)

TONG HSING ELECTRONIC INDUSTRIES, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	June 30, 2020				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets mandatorily measured at fair value through profit or loss					
Open-end mutual funds	\$ <u>1,302,176</u>	1,302,176	-	-	1,302,176
Financial assets measured at amortized cost					
Cash and cash equivalents	4,737,000	-	-	-	-
Notes and accounts receivable, net	1,602,062	-	-	-	-
Other receivables	10,965	-	-	-	-
Other financial assets— current	45,097	-	-	-	-
Other financial assets— non-current	5,000	-	-	-	-
Refundable deposits (recorded under other non-current assets)	<u>9,954</u>	-	-	-	-
Subtotal	<u>6,410,078</u>				
Total	<u>\$ 7,712,254</u>				
Financial liabilities measured at amortized cost					
Short-term borrowings	\$ 420,000	-	-	-	-
Short-term notes and bills payable	110,000	-	-	-	-
Notes and accounts payable	867,325	-	-	-	-
Other payables	1,283,971	-	-	-	-
Dividends payable	578,751	-	-	-	-
Lease liabilities (including current and non-current portion)	<u>107,213</u>	-	-	-	-
Total	<u>\$ 3,367,260</u>				

There were no transfers of financial instruments between any levels for the six months ended June 30, 2021 and 2020.

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TONG HSING ELECTRONIC INDUSTRIES, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- 2) Valuation techniques for financial instruments measured at fair value – Non-derivative financial instruments

The fair value of financial instruments traded in active markets is based on quoted market prices. The market prices from the main exchanges and government bond exchanges are the basis of the fair value of the listed company's equity instruments and debt instruments.

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

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

The fair values of the Group's financial instruments in an active market for each category and attribute were as follows:

The fair values of financial assets and financial liabilities with standard terms and conditions traded in active liquid markets are determined with reference to the quoted market prices, including open-end mutual funds and stocks of listed company.

The measurements on fair value of the financial instruments without an active market are determined using the valuation technique or the quoted market price of its competitors. Fair value measured using the valuation technique can be extrapolated from similar financial instruments, discounted cash flow method, or other valuation techniques which include the model used in calculating the observable market data at the consolidated balance sheet date.

- 3) Reconciliation of financial assets on Level 3 fair values

	Non derivative financial assets mandatorily measured at fair value through profit or loss
	<u> </u>
Balance on January 1, 2021	\$ 179,497
Total gains and losses recognized in profit or loss	8,176
Purchased	21,933
Disposal	(9,514)
Balance on June 30, 2021	\$ 200,092

(Continued)

TONG HSING ELECTRONIC INDUSTRIES, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the six months ended June 30, 2021, total gains and losses were included in gains (losses) on current assets (liabilities) at fair value through profit or loss.

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

The Group's financial instruments that use Level 3 inputs to measure fair value include "financial assets measured at fair value through profit or loss – investment in private fund used the Net Assets Value Method.

The quantified information of significant unobservable inputs was as follows:

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Financial assets at fair value through profit or loss – investment in private funds	Net Asset Value Method	Net Asset Value	Not applicable

- (w) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in note (6)(w) to the consolidated financial statements for the year ended December 31, 2020.

- (x) Capital management

The objectives, policies, and procedures of the Group's capital management are the same as those in the consolidated financial statements for the year ended December 31, 2020. There were no material changes in the Group's quantitative information from that disclosed in the consolidated financial statements for the year ended December 31, 2020. For further information, please refer to note (6)(x) of the consolidated financial statements for the year ended December 31, 2020.

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

- (i) The Group's investing and financing activities, which did not affect the current cash flow in the six months ended June 30, 2021 and 2020, were the acquisition of its right-of-use assets by lease, please refer to note (6)(h).

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TONG HSING ELECTRONIC INDUSTRIES, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2021	Cash flows	Non-cash changes	June 30, 2021
			Other	
Long-term borrowings	\$ -	63,000	9	63,009
Short-term borrowings	269,000	(269,000)	-	-
Short-term notes and bill payable	50,000	(50,000)	-	-
Lease liabilities (including current and non-current portion)	109,364	(8,294)	10,782	111,852
Guarantee deposits received	4,130	1,947	-	6,077
Total liabilities from financing activities	<u>\$ 432,494</u>	<u>(262,347)</u>	<u>10,791</u>	<u>180,938</u>

	January 1, 2020	Cash flows	Non-cash changes	June 30, 2020
			Other	
Short-term borrowings	\$ -	140,000	280,000	420,000
Short-term notes and bill payable	-	60,000	50,000	110,000
Lease liabilities (including current and non-current portion)	127,487	(4,171)	(16,103)	107,213
Total liabilities from financing activities	<u>\$ 127,487</u>	<u>195,829</u>	<u>313,897</u>	<u>637,213</u>

(7) Related-party transactions

(a) Name and relationship with related parties

The followings are related parties that have had transactions with the Group during the periods covered in the consolidated financial statements.

<u>Name of related party</u>	<u>Relationship with the Group</u>
Multi-field	Other related party

(b) Other transaction with related party

For operational needs, THEPI acquired land for \$57,713 (91,110 thousand Philippine pesos) beginning in 2004, which was recorded as property, plant and equipment. Because the Philippine regulations prohibit foreigners from owning land, therefore, the Group paid for the land, under the title deed of Multi-field to assure the right to the land. THEPI also entered into an agreement with Multi-field to reserve its right to sell, or dispose the property.

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TONG HSING ELECTRONIC INDUSTRIES, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Transactions with key management personnel

Key management personnel compensation comprised:

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2021	2020	2021	2020
Short-term employee benefits	\$ 46,941	27,532	85,821	60,991
Post-employment benefits	189	226	378	378
	<u>\$ 47,130</u>	<u>27,758</u>	<u>86,199</u>	<u>61,369</u>

(8) Pledged assets

Pledged assets	Subject	June 30, 2021	December 31, 2020	June 30, 2020
Other financial assets – current – time deposits	Credit lines for letters of credit and short-term borrowings	\$ 29,081	34,695	40,878
Other financial assets – non current – time deposits	Rental guarantee for the plant in the Hsinchu Science Park, Longtan Dist.	5,000	5,000	5,000
"	Guarantee for cooperative education program	405	405	-
Property, plant and equipment – land, buildings, machinery and equipment	Long-term and short-term borrowings and credit lines	655,290	674,024	692,846
Other financial assets – current – reserve account	Customs duty guarantee	903	903	903
		<u>\$ 690,679</u>	<u>715,027</u>	<u>739,627</u>

(9) Commitments and contingencies

(a) The Group's unrecognized contractual commitments were as follows:

	June 30, 2021	December 31, 2020	June 30, 2020
Future payments for the purchase of equipment and construction in progress	<u>\$ 1,158,503</u>	<u>877,983</u>	<u>294,314</u>

(b) The Group contracted with Chung-Lin General Contractors, LTD. for the construction of the plant in Bade District, Taoyuan City. As of June 30, 2021, the payment amounting to \$2,896,000 has not been paid.

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TONG HSING ELECTRONIC INDUSTRIES, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (c) The Group's unused and outstanding letters of credit and the deposit for the Group's customs duties were as follows:

	June 30, 2021	December 31, 2020	June 30, 2020
Unused and outstanding letters of credit and the deposit for customs duties	\$ 25,300	30,455	82,701

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events: None.

(12) Other

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

	For the three months ended June 30,						
	2021			2020			
	By function	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
By item							
Employee benefits							
Salaries	486,548	143,318	629,866	356,214	93,670	449,884	
Labor and health insurance	40,514	6,511	47,025	27,236	4,143	31,379	
Pension	19,575	3,942	23,517	14,602	3,198	17,800	
Other employee benefits	29,664	3,402	33,066	27,340	3,435	30,775	
Depreciation	356,722	14,450	371,172	188,465	11,712	200,177	
Amortization	1,314	27,833	29,147	869	8,941	9,810	

	For the six months ended June 30,						
	2021			2020			
	By function	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
By item							
Employee benefits							
Salaries	984,779	275,248	1,260,027	693,367	180,547	873,914	
Labor and health insurance	84,706	13,136	97,842	53,884	8,312	62,196	
Pension	39,360	7,600	46,960	28,101	6,238	34,339	
Other employee benefits	59,109	7,058	66,167	49,682	5,896	55,578	
Depreciation	711,709	28,472	740,181	358,851	23,190	382,041	
Amortization	2,646	55,918	58,564	1,664	10,634	12,298	

(Continued)

TONG HSING ELECTRONIC INDUSTRIES, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Seasonality of operations

The Group's operations were not affected by seasonality or cyclicity factors.

(c) In August 2014, Mr. Zhang, who was the former director of KINGPAK, filed a lawsuit to the Taipei District Court against KINGPAK, demanding KINGPAK to pay him the outstanding payment of \$25,058. However, the Taipei District Court denied his request on October 1, 2015. Therefore, Mr. Zhang appealed to the Taiwan High Court, who ruled in his favor on August 31, 2016. KINGPAK disagreed with the decision made by the Taiwan High Court; hence, filed an appeal to the Supreme Court, on November 8, 2018, and the Supreme Court handed the case back to the Taiwan High Court for reconsideration. On October 16, 2019, the Taiwan High Court ordered KINGPAK to pay Mr. Zhang the amount of \$5,428, plus, an annual interest rate of 5% from the day following the service of the complaint to the repayment day. In November 2019, KINGPAK filed an appeal to the Supreme Court, which handed the case back to the Taiwan High Court for reconsideration in December 2020. The Group had assessed the damages amounting to \$17,953 and recorded them under other payables.

(d) On March 14, 2014, Boschman Technologies BV (Boschman) filed a lawsuit to the Hsinchu District Court against KINGPAK for breach of contract. On September 22, 2014, Hsinchu District Court ruled in favor of Boschman, requesting KINGPAK to pay Boschman the amount of USD \$249, plus, a monthly interest rate of 0.75% from March 17, 2013. In October 2014, KINGPAK was dissatisfied with the decision made by Hsinchu District Court; thus, filed an appeal to the Taiwan High Court, who ruled in its favor on June 30, 2020. On August 3, 2020, Boschman filed an appeal to the Supreme Court, which handed the case back to the Taiwan High Court for reconsideration in June 2021. The Group had assessed the damages amounting to \$13,248 and recorded them under other payables.

(13) Other disclosures

(a) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group for the six months ended June 30, 2021:

(i) Loans to other parties:

Unit: In Thousands of New Taiwan Dollars

Number (Note 1)	Name of lender	Name of borrower	Account name	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 2)	Transaction amount for business between two parties	Reasons for short-term financing	Loss allowance	Collateral		Individual funding loan limits (Note 4)	Maximum limit of fund financing (Note 3)
												Item	Value		
0	The Company	KINGPAK	Other receivables- related parties	900,000	900,000	-	Note 5	2	-	Business turnover	-	None	-	2,230,394	8,921,578

Note1: The companies are coded as follows:

1.0 represents the parent company.

2.1 represents the subsidiaries.

Note2: 1.Represents entities with business dealings. 2.Represents where an inter-company or inter-firm short-term financing facility is necessary.

Note3: The total amount available for financing purposes shall not exceed 40% of the parent company's net worth as stated in its latest financial statement audited or reviewed by the independent auditor.

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TONG HSING ELECTRONIC INDUSTRIES, LTD. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Note4: When funds are loaned to a company for reasons of business dealings, the total amount of loans shall not exceed 10% of the parent company's net worth as stated in its latest financial statement audited or reviewed by the independent auditor; each individual loan shall not exceed the total amount of trading between the two companies. The trading amount refers to the year preceding the date of occurrence of the amount of purchase or sale between the parties, whichever is higher. When funds are loaned to a company with short-term financial need, the total amount of loans shall not exceed 30% of the parent company's net worth as stated in its latest financial statement audited or reviewed by the independent auditor; each individual loan shall not exceed 10% of the parent company's net worth as stated in its latest financial statement audited or reviewed by the independent auditor.

Note5: The range of interest rates based on bank's published loan rates.

- (ii) Guarantees and endorsements for other parties: None.
- (iii) Securities held as of June 30, 2021 (excluding investment in subsidiaries, associates and joint ventures):

Unit: thousand units/ thousand shares

Name of holder	Category and name of security	Relationship with Company	Account title	Ending balance				Note
				Shares /Units	Carrying amount	Percentage of ownership (%)	Fair value	
The Company	Open-end mutual funds: Jin Sun Money Market Fund	None	Financial assets at fair value through profit or loss-current	22,144	231,047	-	231,047	
"	Structured deposit: President Securities 1346 DSU 100% Principal Guaranteed Note	"	"	-	278,851	-	278,851	
KINGPAK	"	"	"	-	278,823	-	278,823	
The Company	Fund: Wise Road Industry Investment Fund I, L.P.	"	Financial assets at fair value through profit or loss - non-current	Note	200,092	1.83%	200,092	
"	Stock: Shin Kong Financial Holding Co., Ltd. Preferred Shares B	"	"	6,445	262,956	-	262,956	
"	Bond: Chailase International Bond	"	Financial assets at amortized cost - non-current	-	222,880	-	222,880	
KINGPAK	Stock: eGran Corporation	"	Financial assets at fair value through other comprehensive income - non-current	22	-	-	-	

Note: The amount of investment is USD 7,125 thousand.

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

Unit: thousand units/ thousand shares

Company holding securities	Category and name of security	Account	Counter-party	Relationship	Beginning Balance		Purchases		Sales				Ending Balance	
					Shares (in thousands)	Amount	Shares (in thousands)	Amount	Shares (in thousands)	Price	Cost	Gain (loss) on disposal	Shares (in thousands)	Amount
The Company	Structured deposits: President Securities 1346 DSU 100% Principal Guaranteed Note	Financial assets at fair value through profit or loss-current	-	None	-	284,886	-	836,865 (Note)	-	847,201	842,900	4,301	-	278,851
KINGPAK	"	"	-	"	-	-	-	1,975,753 (Note)	-	1,688,746	1,696,930	(8,184)	-	278,823

Note : Included the adjustments on financial assets value.

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TONG HSING ELECTRONIC INDUSTRIES, LTD. AND SUBSIDIARIES
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- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock:

Units: In Thousands of New Taiwan Dollars

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter-party with the Company	Relationship with the Company	If the counter-party is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition	Other
							Owner	Relationship with the Company	Date of transfer	Amount			
The Company	Plant	August 31, 2020	3,200,000	Paid 304,000	Chung-Lin General Contractors, LTD.	None	N/A	N/A	N/A	-	Open bid	Extension of the plant	None

- (vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.

- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

Units: In Thousands of New Taiwan Dollars

Name of Company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/ (Sale)	Amount	Percentage of total purchases/ (sales)	Payment terms	Unit price	Payment Terms	Ending Balance	Percentage of total notes/ accounts receivable (payable)	
The Company	THEPI	100% owned subsidiary by the Company	Purchase	731,743	37 %	Monthly closing and paid by cash	-	-	Accounts payable (54,013)	(8)%	(Note 2)
"	"	"	Manufacturing fee	286,385	14 %	"	-	-	Note 1	- %	"
THEPI	The Company	Parent Company	Sale	(731,743)	(70)%	Monthly closing and received by cash	-	-	Accounts receivable 54,013	43 %	"
"	"	"	Manufacturing revenue	(286,385)	(27)%	"	-	-	Accounts receivable 56,468	45 %	"

Note 1 : The other payables amounted to \$56,468 as of June 30, 2021.

Note 2 : The transactions have been eliminated in the consolidated financial statements.

- (viii) Information regarding receivables from related-parties exceeding NT\$100 million or 20% of the Company's paid-in capital: None.

- (ix) Information regarding trading in derivative financial instruments: None.

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TONG HSING ELECTRONIC INDUSTRIES, LTD. AND SUBSIDIARIES
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- (x) Significant transactions and business relationship between the parent company and its subsidiaries for the six months ended June 30, 2021:

No. (Note 1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions			Percentage of the consolidated net revenue or total assets
				Accounts name	Amount	Trading terms	
1	THEPI	The Company	2	Sale	731,743	The sales prices of inter company sales are not significantly different from those of the third parties. The payment term is monthly closing, and the payment is received by cash.	11.13 %
1	"	"	2	Manufacturing Revenue	286,385	"	4.36 %
1	"	"	2	Accounts Receivable	54,013	"	0.20 %
1	"	"	2	Other receivables	56,468	"	0.21 %

Note 1: The numbers filled in as follows:

1. 0 represents the Company.
2. Subsidiaries are sorted in a numerical order starting from 1.

Note 2: Relationship with the transactions labeled as follows:

- 1 represents the transactions from the parent company to its subsidiaries.
- 2 represents the transactions between the subsidiaries and the parent company.
- 3 represents the transactions between subsidiaries.

- (b) Information on investees:

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

Unit: thousand dollars/ thousand units

Name of investor	Name of Investee	Location	Main Businesses and Products	Original Investment Amount		Ending Balance			Net income (losses) of the investee	Share of profit (losses) of investee	Note
				June 30, 2021	December 31, 2020	Shares (thousands)	Percentage of Ownership	Carrying amount			
The Company	THEPI	Philippines	Sales and manufacturing of RF modules, hybrid integrated circuits, metalized ceramic substrates and image sensors	2,016,853	2,016,853	28,793	100 %	1,326,896	153,195	144,374	Note 2
"	KINGPAK	Taiwan	Sales and manufacturing of automobile related packing field and safety monitoring related CMOS image sensor.	10,800,443 (Note 1)	10,800,443	57,307	100 %	10,982,050	287,553	238,212	"

Note 1 : The invested amount was based on the 71,290,049 ordinary shares, which were issued for the stock exchange, and the listed price of the Company on June 19, 2020 (date of stock exchange).

Note 2 : The transactions have been eliminated in the consolidated financial statements.

- (c) Information on investment in mainland China: None.

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TONG HSING ELECTRONIC INDUSTRIES, LTD. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
KAIMEI Electronic Corp.		9,213,414	5.15 %

Note: A summary of the information on major shareholders, who held over 5% shares (round down to the third decimal place) on the last business date of each quarter, was provided by the Taiwan Depository & Clearing Corporation.

(14) Segment information

The Group's operating segment information and reconciliation are as follows:

		For the three months ended June 30, 2021					
		BU1 Segment	BU2 Segment	BU3 Segment	Other Segment	Reconciliation & elimination	Total
Revenue							
Revenue from external customers	\$	636,946	1,281,314	1,325,770	190,554	-	3,434,584
Inter-segment revenues		-	525,631	-	-	(525,631)	-
Total revenue	\$	636,946	1,806,945	1,325,770	190,554	(525,631)	3,434,584
Reportable segment profit (loss)	\$	171,125	237,911	229,982	169,322	(105,573)	702,767
		For the three months ended June 30, 2020					
		BU1 Segment	BU2 Segment	BU3 Segment	Other Segment	Reconciliation & elimination	Total
Revenue							
Revenue from external customers	\$	320,592	315,005	1,377,201	49,855	-	2,062,653
Inter-segment revenues		-	268,050	-	-	(268,050)	-
Total revenue	\$	320,592	583,055	1,377,201	49,855	(268,050)	2,062,653
Reportable segment profit (loss)	\$	41,392	(1,558)	343,013	14,537	(19,684)	377,700
		For the six months ended June 30, 2021					
		BU1 Segment	BU2 Segment	BU3 Segment	Other Segment	Reconciliation & elimination	Total
Revenue							
Revenue from external customers	\$	1,182,366	2,427,014	2,714,823	251,643	-	6,575,846
Inter-segment revenues		-	1,018,257	-	-	(1,018,257)	-
Total revenue	\$	1,182,366	3,445,271	2,714,823	251,643	(1,018,257)	6,575,846
Reportable segment profit (loss)	\$	255,690	419,672	515,481	175,816	(78,756)	1,287,903

(Continued)

TONG HSING ELECTRONIC INDUSTRIES, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the six months ended June 30, 2020						
	BU1 Segment	BU2 Segment	BU3 Segment	Other Segment	Reconciliation & elimination	Total
Revenue						
Revenue from external customers	\$ 705,917	596,507	2,621,553	91,881	-	4,015,858
Inter-segment revenues	-	656,386	-	-	(656,386)	-
Total revenue	\$ 705,917	1,252,893	2,621,553	91,881	(656,386)	4,015,858
Reportable segment profit (loss)	\$ 81,168	17,260	576,352	32,304	14,344	721,428