Stock code:8406

Ginko International Co., Ltd.
And Subsidiaries

Consolidated Financial Statements

With Independent Auditors' Report
For the Six Months Ended June 30, 2021 and 2020
(Rveiewed only as of June 30, 2020)

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The independent auditors' 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' report and consolidated financial statements, the Chinese version shall prevail.

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Independent Auditors' Report

To the Board of Directors of Ginko International Co., Ltd.:

Opinion

We have audited the consolidated financial statements of Ginko International Co., Ltd.("the Company") and its subsidiaries ("the Group"), which comprise the consolidated balance sheet as of June 30, 2021, the consolidated statements of comprehensive income for the three months and six months ended June 30, 2021, consolidated statement of changes in equity and cash flows for the six months ended June 30, 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2021, and its consolidated financial performance for the three months and six months ended June 30, 2021, and its consolidated cash flows for the six months ended June 30, 2021 in accordance with the Regulation Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting".

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountants of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Other Matter

The consolidated financial statements as of and for the six months ended June 30, 2020 were reviewed by us and we issued a review report with an unqualified conclusion on those financial statements on August 10, 2020. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the six months ended June 30, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Revenue Recognition

Please refer to note 4(n) “Revenue” for the accounting policy of revenue, note 5(a) “Revenue recognition” for significant accounting assumptions, judgments, and major sources of estimation uncertainty, and note 6(s) “Revenue from contract with customers” for estimation of allowance for sales discount and sales return of the consolidated financial statements.

How the matter was addressed in our audit:

When the Group recognized revenue, it recorded sales return and allowance that were agreed upon in negotiated contracts to clients. The Group's management recognized the estimated sales return and allowance as a deduction to revenue. Since revenue is regarded as the main index of the Group’s financial and sales performance for investors and management, the correct period and amount for revenue recognition have a major impact on the consolidated financial statements. Therefore, sales revenue, return and allowance have been identified as one of the key judgmental areas for our audit.

Our principal audit procedures included:

Our key audit procedures performed for the above included testing the revenue cycle transactions and its relevant controls, inspecting the Group’s sales contracts and relevant documents, reviewing and assessing client’s information, conducting analytical reviews for changes of sales from major clients and product categories, adopting sales cut-off test to ensure that sales were recorded in the proper period and assessing the adequacy of the Group’s disclosures of its revenue recognition policy and other related disclosures.

The key audit procedures for the Group’s estimated sales return and allowance included assessing the estimation adopted by the Group's management, comparing the estimation to internal or external sources and examining any significant sales return and allowance after the end of the reporting period.

2. Inventories Evaluation

Please refer to note 4(h) "Inventories" for the accounting policy of inventory valuation, note 5(b) "Net realizable value of inventory" for the estimation and assumption uncertainty of the valuation of inventory, and note 6(d) "Inventories" for description of the significant account in the consolidated financial statements.

How the matter was addressed in our audit:

The Group's major operation activities are manufacturing and distributing contact lenses, lens care solutions and eye-care products. The Group’s production and research activities are based on market demand, and the products are unique in the market. The probable changes in market demand and price can cause relevant product demand to fluctuate. The inventories are valued at the lower of cost or net realizable value, and the Group’s management assesses the product price through internal and external relevant information. Therefore, inventory has been identified as one of the key judgmental areas for our audit.

Our principal audit procedures included:

Our key audit procedures performed included assessing whether the policies for valuation of inventory obsolescence and inventory allowance are in accordance with the rules of communique provisions, reviewing inventory aging report, analyzing the changes in inventory aging report, reviewing selling condition, and assessing the reasonableness of the lower of cost or net realizable value adopted by the Group. Thus, the reasonableness of inventory allowance valuation can be verified, and the relevant information of inventory allowance valuation is properly disclosed by the Group’s management.

3. Trade Receivables Evaluation

Please refer to note 4(g) "Financial instruments" for the accounting policy of trade receivables, note 5(c) "Impairment loss of trade receivables" for estimation and assumption uncertainty of trade receivables, and note 6(c) "Notes and trade receivables" for description of the significant account in the consolidated financial statements.

How the matter was addressed in our audit:

The Group has a broad base of customers with various account collection terms. Therefore, the Group's management has evaluated the expected credit loss based on historical experience. Thus, the valuation of trade receivables has been identified as one of the key judgmental areas for our audit.

Our principal audit procedures included:

Our key audit procedures performed for the valuation of trade receivables allowance included, using the expected credit loss rate as basis to estimate a loss allowance, assessing historical collection records, analyzing the industrial environment, reviewing customers' recent credit status, assessing the extent of credit risk concentration and other relevant information. By performing the above, we are able to evaluate whether the valuation method for the loss allowance is appropriate and whether the amount recognized is reasonable.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulation 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, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the six months ended June 30, 2021 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the reviews resulting in this independent auditors' review report are Yu-Feng Hsu and Yuan-Chen Mei.

KPMG

Taipei, Taiwan (Republic of China)
August 27, 2021

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and its 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' 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' 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, 2020

Ginko International Co., Ltd. And Subsidiaries

Consolidated Balance Sheets

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

(Expressed in thousands of currency)

		June 30, 2021			December 31, 2020			June 30, 2020		
	Assets	CNY	TWD	%	CNY	TWD	%	CNY	TWD	%
	Current assets:									
1100	Cash and cash equivalents (note 6(a))	$ 864,257	3,724,082	17	654,304	2,863,887	13	398,994	1,672,185	8
1150	Notes receivable, net (note 6(c))	4,157	17,912	-	3,542	15,505	-	14,198	59,505	-
1170	Trade receivables, net (note 6(c))	831,339	3,582,240	16	845,826	3,702,182	17	893,493	3,744,628	19
1181	Trade receivables from related parties (notes 6(c) and 7)	20,212	87,090	-	26,276	115,007	1	26,962	112,996	1
1200	Other receivables (including related parties) (note 7)	16,474	70,988	-	8,389	36,718	-	7,883	33,039	-
1220	Current income tax assets	-	-	-	-	-	-	1,087	4,557	-
130X	Inventory (note 6(d))	655,647	2,825,184	13	649,584	2,843,228	13	662,055	2,774,671	13
1410	Prepayments (note 6(e))	112,130	483,169	2	118,171	517,233	2	125,533	526,107	2
1476	Other financial assets (notes 6(b) and 8)	724,884	3,123,525	14	776,737	3,399,777	15	808,331	3,387,714	16
1470	Other current assets	7,113	30,648	-	5,287	23,144	-	14,721	61,695	-
	Total current assets	3,236,213	13,944,838	62	3,088,116	13,516,681	61	2,953,257	12,377,097	59
	Non-Current assets:									
1600	Property, plant and equipment (notes 6(g) and 8)	1,806,188	7,782,865	35	1,830,600	8,012,537	36	1,942,814	8,142,334	38
1755	Right-of-use assets (notes 6(h) and 8)	84,554	364,342	2	88,248	386,263	2	97,982	410,644	2
1780	Intangible assets (note 6(f) and (i))	15,612	67,274	-	8,768	38,378	-	9,505	39,834	-
1840	Deferred income tax assets	33,733	145,357	1	33,948	148,589	1	39,912	167,273	1
1915	Prepayments on purchase of equipment (note 9)	5,005	21,566	-	3,055	13,372	-	4,490	18,817	-
1932	Long-term receivables, net (note 6(c))	10,198	43,944	-	13,073	57,222	-	24,806	103,961	-
1990	Other non-current assets (notes 6(j), 7 and 8)	1,554	6,698	-	2,155	9,431	-	2,198	9,212	-
	Total non-current assets	1,956,844	8,432,046	38	1,979,847	8,665,792	39	2,121,707	8,892,075	41
	Total assets	**$ 5,193,057**	**22,376,884**	**100**	**5,067,963**	**22,182,473**	**100**	**5,074,964**	**21,269,172**	**100**

		June 30, 2021			December 31, 2020			June 30, 2020		
	Liabilities and equity	CNY	TWD	%	CNY	TWD	%	CNY	TWD	%
	Current liabilities:									
2100	Short-term bank loans (notes 6(k), (x) and 8)	$ 1,011,403	4,358,137	19	1,027,291	4,496,451	20	1,124,912	4,714,506	22
2130	Current contract liabilities (note 6(s))	16,396	70,651	-	15,685	68,654	-	17,893	74,990	-
2150	Notes payable	12,963	55,859	-	9,046	39,594	-	19,030	79,753	-
2170	Trade payables	96,521	415,908	2	108,595	475,321	2	111,256	466,275	2
2180	Trade payables to related parties (note 7)	11,954	51,509	-	12,343	54,025	-	15,479	64,871	-
2200	Other payables (notes 6(m) and (t))	245,908	1,059,618	5	131,411	575,184	3	178,467	747,956	4
2220	Other payables to related parties (note 7)	152	656	-	2,996	13,115	-	3,131	13,122	-
2230	Current income tax liabilities	19,332	83,302	-	45,944	201,099	1	32,412	135,841	1
2280	Current lease liabilities (note 6(l) and (x))	7,051	30,384	-	8,840	38,693	-	9,618	40,310	-
2322	Long-term loans within a year (notes 6(k) and (x))	30,197	130,118	1	46,836	205,000	1	-	-	-
2365	Current refund liabilities (note 6(n))	25,270	108,888	-	27,306	119,519	1	15,141	63,455	-
	Total current liabilities	1,477,147	6,365,030	27	1,436,293	6,286,655	28	1,527,339	6,401,079	29
	Non-current liabilities:									
2540	Long-term bank loans (notes 6(k), (x) and 8)	968,401	4,172,842	19	920,174	4,027,600	18	987,020	4,136,600	20
2570	Deferred income tax liabilities	13,132	56,587	-	6,670	29,194	-	-	-	-
2580	Non-current lease liabilities (note 6(l) and (x))	59,215	255,155	2	59,719	261,390	2	66,717	279,613	2
	Total non-current liabilities	1,040,748	4,484,584	21	986,563	4,318,184	20	1,053,737	4,416,213	22
	Total liabilities	2,517,895	10,849,614	48	2,422,856	10,604,839	48	2,581,076	10,817,292	51
	Equity attributable to owners of parent (note 6(q)):									
3110	Share capital - common stock	202,938	970,730	4	202,938	970,730	4	191,908	924,505	4
3150	Stock dividends to be distributed	-	-	-	-	-	-	11,030	46,225	-
3200	Capital surplus	676,407	3,073,227	13	676,407	3,073,227	13	676,407	3,073,227	13
3300	Retained earnings	1,803,051	8,469,432	35	1,785,804	8,388,325	35	1,615,105	7,656,251	32
3410	Exchange differences on translation of foreign financial statements	(4,738)	(975,364)	-	(17,004)	(841,369)	-	2,810	(1,234,196)	-
	Equity attributable to owners of the parent	2,677,658	11,538,025	52	2,648,145	11,590,913	52	2,497,260	10,466,012	49
	Non-Controlling Interest:									
36XX	Non-controlling interest	(2,496)	(10,755)	-	(3,038)	(13,279)	-	(3,372)	(14,132)	-
	Total equity	2,675,162	11,527,270	52	2,645,107	11,577,634	52	2,493,888	10,451,880	49
	Total liabilities and equity	**$ 5,193,057**	**22,376,884**	**100**	**5,067,963**	**22,182,473**	**100**	**5,074,964**	**21,269,172**	**100**

See accompanying notes to financial statements.

(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, 2020

Ginko International Co., Ltd. And Subsidiaries

Consolidated Statements of Comprehensive Income

For the six months ended June 30, 2021 and 2020

(Expressed in thousands of Chinese Yuan, Except for Earnings Per Common Share)

		For the three months ended June 30,				For the six months ended June 30,			
		2021 Amount	%	2020 Amount	%	2021 Amount	%	2020 Amount	%
4000	**Operating revenue (notes 6(s) and 7)**	$ 542,648	100	400,414	100	1,008,943	100	732,336	100
5000	**Operating Costs (notes 6(d), (g), (o), 7 and 12)**	269,707	50	188,627	47	485,465	48	333,654	46
	Gross profit from operations	272,941	50	211,787	53	523,478	52	398,682	54
	Operating expenses (notes 6(c), (g), (h), (i), (o), (t), 7, 9, and 12):								
6100	Selling expenses	141,836	26	106,576	27	249,340	25	195,617	27
6200	General and administrative expenses	36,858	6	34,160	9	75,924	8	70,647	10
6300	Research and development expenses	10,343	2	11,163	3	21,358	2	20,383	3
6450	Impairment losses (impairment gain and reversal of impairment losses) determined in accordance with IFRS 9	(211)	-	7,242	2	2,559	-	16,288	2
	Total operating expenses	188,826	34	159,141	41	349,181	35	302,935	42
	Operating Profit	84,115	16	52,646	12	174,297	17	95,747	12
	Non-operating income and expenses (note 6(u)):								
7100	Interest income	7,773	1	4,992	1	9,891	1	7,168	1
7010	Other income	4,912	1	849	-	5,853	1	2,101	-
7020	Other gains and losses	13,989	3	11,711	3	6,794	2	2,919	-
7050	Financial costs	(8,831)	(2)	(11,540)	(3)	(16,800)	(2)	(25,165)	(3)
	Total non-operating income and expenses	17,843	3	6,012	1	5,738	2	(12,977)	(2)
7900	**Profit before income tax**	101,958	19	58,658	13	180,035	19	82,770	10
7950	**Income tax expense (note 6(p))**	9,393	2	11,425	3	27,430	3	20,768	3
	Net income for the year	92,565	17	47,233	10	152,605	16	62,002	7
	Other comprehensive income (loss):								
8360	**Items that may be subsequently reclassified into profit or loss**								
8361	Foreign currency translation differences for foreign operations	990	-	(2,728)	(1)	12,618	1	3,610	-
8399	Income tax relating to components of other comprehensive income	-	-	-	-	-	-	-	-
	Total items that may be subsequently reclassified into profit or loss	990	-	(2,728)	(1)	12,618	1	3,610	-
8300	**Other comprehensive income (loss), net of tax**	990	-	(2,728)	(1)	12,618	1	3,610	-
8500	**Total comprehensive income for the year**	**$ 93,555**	**17**	**44,505**	**9**	**165,223**	**17**	**65,612**	**7**
	Profit attributable to:								
8610	Shareholders of the parent	$ 92,476	17	47,340	10	152,415	16	61,422	7
8620	Non-controlling interest	89	-	(107)	-	190	-	580	-
		$ 92,565	**17**	**47,233**	**10**	**152,605**	**16**	**62,002**	**7**
	Comprehensive income attributable to:								
8710	Shareholders of the parent	$ 93,431	17	44,629	9	164,681	17	65,119	7
8720	Non-controlling interest	124	-	(124)	-	542	-	493	-
		$ 93,555	**17**	**44,505**	**9**	**165,223**	**17**	**65,612**	**7**
9710	**Basic earnings per share (expressed in Chinese Yuan) (note 6(r))**	**$**	**0.95**		**0.49**		**1.57**		**0.63**
9810	**Diluted earnings per share (expressed in Chinese Yuan) (note 6(r))**	**$**	**0.95**		**0.49**		**1.57**		**0.63**

See accompanying notes to financial statements.

(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, 2020

Ginko International Co., 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 Common Share)

		For the three months ended June 30,				For the six months ended June 30,			
		2021 Amount	%	2020 Amount	%	2021 Amount	%	2020 Amount	%
4000	**Operating revenue (notes 6(s) and 7)**	$ 2,351,880	100	1,689,815	100	4,392,433	100	3,120,264	100
5000	**Operating Costs (notes 6(d), (g), (o), 7 and 12)**	1,169,295	50	796,590	47	2,113,474	48	1,421,600	46
	Gross profit from operations	1,182,585	50	893,225	53	2,278,959	52	1,698,664	54
	Operating expenses (notes 6(c), (g), (h), (i), (o), (t), 7, 9, and 12):								
6100	Selling expenses	615,056	26	449,734	27	1,085,506	25	833,463	27
6200	General and administrative expenses	159,583	6	143,762	10	330,538	8	301,004	10
6300	Research and development expenses	44,778	2	47,113	4	92,981	2	86,846	3
6450	Impairment losses (impairment gain and reversal of impairment losses) determined in accordance with IFRS 9	(982)	-	30,413	2	11,139	-	69,398	2
	Total operating expenses	818,435	34	671,022	43	1,520,164	35	1,290,711	42
	Operating Profit	364,150	16	222,203	10	758,795	17	407,953	12
	Non-operating income and expenses (note 6(u)):								
7100	Interest income	33,793	1	21,163	1	43,060	1	30,543	1
7010	Other income	21,363	1	3,557	-	25,482	1	8,951	-
7020	Other gains and losses	61,064	3	50,329	2	29,579	2	12,438	-
7050	Financial costs	(38,264)	(2)	(48,504)	(3)	(73,137)	(2)	(107,221)	(3)
	Total non-operating income and expenses	77,956	3	26,545	-	24,984	2	(55,289)	(2)
7900	**Profit before income tax**	442,106	19	248,748	10	783,779	19	352,664	10
7950	**Income tax expense (note 6(p))**	40,485	2	48,223	3	119,415	3	88,486	3
	Net income for the year	401,621	17	200,525	7	664,364	16	264,178	7
	Other comprehensive income (loss):								
8360	**Items that may be subsequently reclassified into profit or loss**								
8361	Foreign currency translation differences for foreign operations	(93,585)	(4)	(175,002)	(10)	(132,290)	(3)	(273,567)	(9)
8399	Income tax relating to components of other comprehensive income	-	-	-	-	-	-	-	-
	Total items that may be subsequently reclassified into profit or loss	(93,585)	(4)	(175,002)	(10)	(132,290)	(3)	(273,567)	(9)
8300	**Other comprehensive income (loss), net of tax**	(93,585)	(4)	(175,002)	(10)	(132,290)	(3)	(273,567)	(9)
8500	**Total comprehensive income for the year**	**$ 308,036**	**13**	**25,523**	**(3)**	**532,074**	**13**	**(9,389)**	**(2)**
	Profit attributable to:								
8610	Shareholders of the parent	$ 401,242	17	201,014	7	663,545	16	261,702	7
8620	Non-controlling interest	379	-	(489)	-	819	-	2,476	-
		$ 401,621	**17**	**200,525**	**7**	**664,364**	**16**	**264,178**	**7**
	Comprehensive income attributable to:								
8710	Shareholders of the parent	$ 307,410	13	25,835	(3)	529,550	13	(11,896)	(2)
8720	Non-controlling interest	626	-	(312)	-	2,524	-	2,507	-
		$ 308,036	**13**	**25,523**	**(3)**	**532,074**	**13**	**(9,389)**	**(2)**
9710	**Basic earnings per share (expressed in New Taiwan Dollars) (note 6(r))**	**$**	**4.14**		**2.07**		**6.84**		**2.70**
9810	**Diluted earnings per share (expressed in New Taiwan Dollars) (note 6(r))**	**$**	**4.13**		**2.06**		**6.82**		**2.69**

(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, 2020

Ginko International Co., Ltd. and Subsidiaries

Consolidated Statements of Changes in Equity

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

(Expressed in thousands of currency)

	Equity attributable to owners of parent																					
							Retained Earnings															
	Share capital - Common stock		Stock dividends to be distributed		Capital surplus		Legal reserve		Special reserve		Undistributed earnings		Total		Foreign currency translation differences		Equity attributable to owners of the parent		Non-controlling interest		Total equity	
	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD
Balance at January 1, 2020	$ 191,908	924,505	-	-	676,407	3,073,227	202,340	959,856	51,118	575,563	1,377,432	6,182,706	1,630,890	7,718,125	(887)	(960,598)	2,498,318	10,755,259	(3,865)	(16,639)	2,494,453	10,738,620
Net income for the six months ended June 30, 2020	-	-	-	-	-	-	-	-	-	-	61,422	261,702	61,422	261,702	-	-	61,422	261,702	580	2,476	62,002	264,178
Other comprehensive income for the six months ended June 30, 2020	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,697	(273,598)	3,697	(273,598)	(87)	31	3,610	(273,567)
Total comprehensive income for the six months ended June 30, 2020	-	-	-	-	-	-	-	-	-	-	61,422	261,702	61,422	261,702	3,697	(273,598)	65,119	(11,896)	493	2,507	65,612	(9,389)
Appropriation and distribution of retained earnings:																						
Legal reserve	-	-	-	-	-	-	28,622	119,956	-	-	(28,622)	(119,956)	-	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	-	-	-	-	-	91,872	385,035	(91,872)	(385,035)	-	-	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	-	-	-	-	(66,177)	(277,351)	(66,177)	(277,351)	-	-	(66,177)	(277,351)	-	-	(66,177)	(277,351)
Stock dividends	-	-	11,030	46,225	-	-	-	-	-	-	(11,030)	(46,225)	(11,030)	(46,225)	-	-	-	-	-	-	-	-
Balance at June 30, 2020	**$ 191,908**	**924,505**	**11,030**	**46,225**	**676,407**	**3,073,227**	**230,962**	**1,079,812**	**142,990**	**960,598**	**1,241,153**	**5,615,841**	**1,615,105**	**7,656,251**	**2,810**	**(1,234,196)**	**2,497,260**	**10,466,012**	**(3,372)**	**(14,132)**	**2,493,888**	**10,451,880**
Balance at January 1, 2021	$ 202,938	970,730	-	-	676,407	3,073,227	230,962	1,079,812	142,990	960,598	1,411,852	6,347,915	1,785,804	8,388,325	(17,004)	(841,369)	2,648,145	11,590,913	(3,038)	(13,279)	2,645,107	11,577,634
Net income for the six months ended June 30, 2021	-	-	-	-	-	-	-	-	-	-	152,415	663,545	152,415	663,545	-	-	152,415	663,545	190	819	152,605	664,364
Other comprehensive income for the six months ended June 30, 2021	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12,266	(133,995)	12,266	(133,995)	352	1,705	12,618	(132,290)
Total comprehensive income for the six months ended June 30, 2021	-	-	-	-	-	-	-	-	-	-	152,415	663,545	152,415	663,545	12,266	(133,995)	164,681	529,550	542	2,524	165,223	532,074
Appropriation and distribution of retained earnings:																						
Special reserve	-	-	-	-	-	-	-	-	(27,670)	(119,230)	27,670	119,230	-	-	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	-	-	-	-	(135,168)	(582,438)	(135,168)	(582,438)	-	-	(135,168)	(582,438)	-	-	(135,168)	(582,438)
Balance at June 30, 2021	**$ 202,938**	**970,730**	**-**	**-**	**676,407**	**3,073,227**	**230,962**	**1,079,812**	**115,320**	**841,368**	**1,456,769**	**6,548,252**	**1,803,051**	**8,469,432**	**(4,738)**	**(975,364)**	**2,677,658**	**11,538,025**	**(2,496)**	**(10,755)**	**2,675,162**	**11,527,270**

See accompanying notes to financial statements.

(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, 2020

Ginko International Co., Ltd. and Subsidiaries

Consolidated Statements of Cash Flows

For the six months ended June 30, 2021 and 2020

(Expressed in thousands of currency)

		For the six months ended June 30			
		2021		2020	
		CNY	TWD	CNY	TWD
Cash flows from operating activities:					
Profit before tax	$	180,035	783,779	82,770	352,664
Adjustments:					
Adjustments to reconcile profit (loss)					
Depreciation expenses		99,845	434,678	99,707	424,825
Amortization expenses		724	3,150	727	3,099
Expected credit losses		2,559	11,139	16,288	69,398
Interest income		(9,891)	(43,060)	(7,168)	(30,543)
Financial cost		16,800	73,137	25,165	107,221
Losses on disposal of property, plant and equipment		853	3,714	827	3,529
Unrealized foreign exchange losses (gains)		7,925	34,501	(3,620)	(15,424)
Gains on lease modification		-	-	(6)	(45)
Total adjustments to reconcile profit and loss		118,815	517,259	131,920	562,060
Change in operating assets and liabilities:					
Increase in notes receivable		(615)	(2,407)	(8,730)	(35,965)
Decrease (increase) in trade receivables		26,479	114,075	(15,539)	(62,651)
Decrease in trade receivables from related parties		6,064	27,917	12,428	56,578
Decrease (increase) in other receivables (including from related parties)		(8,085)	(34,270)	8,363	36,901
Decrease (increase) in inventories		19,690	84,841	(99,331)	(358,558)
Decrease (increase) in prepayments		7,837	33,769	(23,949)	(100,371)
Decrease (increase) in other current assets		(1,483)	(6,384)	3,369	16,183
Increase in contract liabilities		711	1,997	4,646	17,960
Increase in notes payable		3,882	16,115	4,080	15,393
Increase (decrease) in trade payables		(54,258)	(241,185)	8,393	35,177
Increase (decrease) in trade payables to related parties		(389)	(2,516)	527	2,206
Decrease in other payables		(21,154)	(100,084)	(31,756)	(149,515)
Decrease in other payables to related parties		(2,844)	(12,459)	(2,727)	(12,101)
Decrease in provisions for liabilities		(2,036)	(10,631)	(14,964)	(66,148)
Net changes in operating assets and liabilities		(26,201)	(131,222)	(155,190)	(604,911)
Total reconciliation adjustment		92,614	386,037	(23,270)	(42,851)
Cash generated from operations		272,649	1,169,816	59,500	309,813
Income taxes paid		(47,365)	(206,587)	(54,454)	(232,528)
Net cash flows from operating activities		225,284	963,229	5,046	77,285
Cash flows from investing activities:					
Acquisition of subsidiary (excluding acquired cash and cash equivalents)		(5,349)	(23,238)	-	-
Acquisition of property, plant and equipment		(94,639)	(412,012)	(68,339)	(291,173)
Proceeds from disposal of property, plant and equipment		46,412	203,147	40	165
Decrease (increase) in prepayments on purchase of equipment		(3,759)	(15,980)	41,295	174,856
Acquisition of intangible assets		-	-	(182)	(775)
Decrease (increase) in long-term receivables		956	4,923	(10,690)	(42,667)
Decrease in other financial assets		52,454	228,475	78,469	343,026
Decrease in other non-current assets		-	-	4,217	18,155
Acquisition of right-of-use assets		-	-	(186)	(781)
Interest received		9,891	43,060	7,168	30,543
Net cash flows from investing activities		5,966	28,375	51,792	231,349
Cash flows from financing activities:					
Decrease in short-term bank loans		(10,825)	(47,127)	(299,491)	(1,277,929)
Increase in long-term bank loans		137,903	600,360	227,326	970,000
Repayment of long-term bank loans		(121,741)	(530,000)	(70,307)	(300,000)
Repayment of lease principal		(7,046)	(30,466)	(4,758)	(20,051)
Interest paid		(16,149)	(70,302)	(25,165)	(107,221)
Net cash flows used in financing activities		(17,858)	(77,535)	(172,395)	(735,201)
Effect of exchange rate changes on cash and cash equivalents		(3,439)	(53,874)	(31,202)	(250,715)
Net increase (decrease) in cash and cash equivalents		209,953	860,195	(146,759)	(677,282)
Cash and cash equivalents at the beginning of period		654,304	2,863,887	545,753	2,349,467
Cash and cash equivalents at the end of period	$	**864,257**	**3,724,082**	**398,994**	**1,672,185**

See accompanying notes to financial statements.

(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, 2020

Ginko International Co., Ltd. And Subsidiaries

Notes to the Consolidated Financial Statements

June 30, 2021 and 2020

(expressed in thousands of currency unless otherwise specified)

(1) Company history

Ginko International Co., Ltd. (the "Company") was incorporated in the Cayman Islands on June 11, 2007 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company's shares were listed on Taipei Exchange Securities Market R.O.C. ("Taipei Exchange" TPEx) on April 27, 2012. The consolidated financial statements comprise the Company and its subsidiaries (together referred to as the "Group").

The Group is a major supplier of eye health products, that mainly engages in the research, manufacture and distribution of contact lenses and lens care products.

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

The consolidated financial statements for the six months ended June 30, 2021 were authorized for issuance by the Board of Directors on August 12, 2021.

(3) New standards, amendments and interpretations adopted

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the IASB which have already been adopted.

The following new standards, interpretations and amendments have been endorsed by the IASB and are effective for annual periods beginning, or after, January 1, 2021.

- Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"

The Group assessed that the initial application of the above IFRSs would not have any material impact on the consolidated financial statements.

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

The following new standards, interpretations and amendments have been endorsed by the IASB:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"	Effective date to be determined by IASB
IFRS 17 "Insurance Contracts" and its amendments	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 16 "Property, Plant and Equipment－Proceeds before Intended Use"	January 1, 2022
Amendments to IFRS 3 "Deference to the Conceptual Framework"	January 1, 2022
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023

(Continued)

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023
Amendments to IAS 37 "Onerous Contracts－Cost of Fulfilling a Contract"	January 1, 2022
Annual Improvements to IFRS Standards 2018-2020	January 1, 2022

Those which may be relevant to the Group are set out below:

Effective date per IASB	Standards or Interpretations	Content of amendment
January 1, 2023	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	Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transactions"	The amendments narrowed the scope of the recognition exemption so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

The Group assessed that the adoption of the abovementioned standards would not have any material impact on its consolidated financial statements.

(4) Summary of significant accounting policies

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as "the Regulations") and the International Financial Reporting Standards, which includes International Accounting Standards and interpretations issued by the IASB.

(b) Basis of preparation

i) Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis.

ii) Functional and presentation currency

The functional currencies of the Group entities within and outside the Republic of China are New Taiwan Dollar, Chinese Yuan, Japanese Yen, and Malaysian Ringgit. The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollar (TWD) and Chinese Yuan (CNY), respectively.

(Continued)

(c) Basis of consolidation

i) Principle of preparation of the consolidated financial statement

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances. Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

ii) List of subsidiaries included in the consolidated financial statement:

			Shareholding			
Name of investor	**Name of subsidiary**	**Principal activity**	**June 30, 2021**	**December 31, 2020**	**June 30, 2020**	**Note**
The Company	Prosper Link International Ltd.	Holding company	100 %	100 %	100 %	-
The Company	Yung Sheng Optical Co., Ltd. (Yungsheng Corporation)	Manufacturing and selling contact lenses and contact lens solution	100 %	100 %	100 %	-
Prosper Link International Ltd.	Haichang International Ltd. (Haichang International)	Holding company. Selling contact lenses and lens care products	100 %	100 %	100 %	-
Haichang International Ltd. (Haichang International)	Haichang Contact Lens Co., Ltd (Haichang Corporation)	Manufacturing and selling of contact lenses, contact lens solution and other eye-related appliance	100 %	100 %	100 %	-
Haichang International Ltd. (Haichang International)	Jiangsu Horien Contact Lens Co., Ltd. (Horien Corporation)	Manufacturing of contact lenses, contact lens solution and other eye-related appliance	30 %	30 %	30 %	-
Haichang Contact Lens Co., Ltd (Haichang Corporation)	Jiangsu Horien Contact Lens Co., Ltd. (Horien Corporation)	Manufacturing of contact lenses, contact lens solution and other eye-related appliance	70 %	70 %	70 %	
Haichang Contact Lens Co., Ltd (Haichang Corporation)	Shanghai Horien Contact Lens Optical Co., Ltd (Shanghai Horien)	Selling of contact lenses and eye care solution	100 %	100 %	100 %	-
Haichang Contact Lens Co., Ltd (Haichang Corporation)	Shanghai Fushiyuan Contact Lens Co., Ltd. (Shanghai Fushiyuan)	Selling of contact lenses and eye care solution	100 %	100 %	100 %	-
Haichang Contact Lens Co., Ltd (Haichang Corporation)	Gain Bless Management Ltd. (Gain Bless)	Holding company	100 %	100 %	100 %	-
Gain Bless Management Ltd. (Gain Bless)	Horien Optic (Malaysia) Sdn. Bhd.(Horien Malaysia)	Selling of contact lenses and eye care solution	70 %	70 %	70 %	-
Yung Sheng Optical Co., Ltd. (Yungsheng Corporation)	Master Harvest Global Ltd. (Master Harvest)	Holding company	100 %	100 %	100 %	
Yung Sheng Optical Co., Ltd. (Yungsheng Corporation)	Asiastar Co., Ltd. (Asiastar Corporation)	Selling of contact lenses and eye care solution	100 %	- %	- %	Note 1
Master Harvest Global Ltd. (Master Harvest)	Yung Sheng Optical Japan Co., Ltd. (Yung Sheng Japan)	Selling of contact lenses and eye care solution	70 %	70 %	70 %	-

(Continued)

			Shareholding			
Name of investor	**Name of subsidiary**	**Principal activity**	**June 30, 2021**	**December 31, 2020**	**June 30, 2020**	**Note**
Master Harvest Global Ltd. (Master Harvest)	Uni-Beauty Co., Ltd. (Uni-Beauty)	Selling of contact lenses and eye care solution	100 %	100 %	100 %	

Note 1: The Group's Board of Directors approved the acquisition of 100% shares of Asiastar Co., Ltd on December 31, 2020. The rights and obligations of Asiastar Co., Ltd. were transferred on January 4, 2021, which is also deemed as the acquisition date. Amendment of registration was completed on February 9, 2021.

iii) Subsidiaries excluded from consolidation financial statements：None.

(d) Foreign currency

i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

i. an investment in equity securities designated as at fair value through other comprehensive income;

ii. a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or

iii. qualifying cash flow hedges to the extent that the hedges are effective.

ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency (CNY and TWD) at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency (CNY and TWD) at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(Continued)

When the settlement of a monetary receivable from or payables to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(e) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;

ii) It is held primarily for the purpose of trading;

iii) It is expected to be realized within twelve months after the reporting period; or

iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

An entity shall classify a liability as current when:

i) It is expected to be settled in the normal operating cycle;

ii) It is held primarily for the purpose of trading;

iii) It is due to be settled within twelve months after the reporting period; or

iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(f) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(g) Financial instruments

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value, plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(Continued)

i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at amortized cost. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

i. Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

ii. Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and trade receivables, other receivable, guarantee deposits paid and other financial assets).

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

(Continued)

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

Twelfth-month ECL are the portion of ECL that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

ECL are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECL are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at fair value through other comprehensive income (FVOCI) are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is a certain number of days past due based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(Continued)

iii. Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

iv. Modifications of financial instruments

If the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortized cost changes as a result of interest rate benchmark reform, then the Group updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform.

A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

If changes are made to a financial asset or financial liability in addition to changes made to the basis for determining the contractual cash flows required by interest rate benchmark reform, then the Group first updates the effective interest rate of the financial asset or financial liability to reflect the changes that are required by interest rate benchmark reform. Subsequently, the Group applies the policies on accounting for modifications set out above to the additional changes.

ii) Financial liabilities and equity instruments

i. Classification of debt or equity

Debt and equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

ii. Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

(Continued)

iii. Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

iv. Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

v. Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(i) Property, plant and equipment

i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

(Continued)

Cost includes expenditure that is directly attributed to the acquisition of the asset. The cost of a self-constructed asset comprises material, labor, any cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, and any borrowing cost that is eligible for capitalization. Cost also includes transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. The cost of software is capitalized as part of the property, plant and equipment if the purchase of the software is necessary for the property, plant and equipment to be capable of operating.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

i.	Buildings	20~50 years
ii.	Leasehold improvements	unexpired lease term or 10 years (whichever period is shorter)
iii.	Machinery	5~10 years
iv.	Transportation equipment	3~5 years
v.	Other equipment	2~15 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(j) Leases

i) Identifying a lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset throughout the period of use only if either:

  (1) the customer has the right to direct how and for what purpose the asset is used throughout the period of use; or

  (2) the relevant decisions about how and for what purpose the asset is used are predetermined and:

    • the customer has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions; or

    • the customer designed the asset in a way that predetermines how and for what purpose it will be used throughout the period of use.

ii) As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at, or before, the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

(Continued)

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

– there is a change in future lease payments arising from the change in an index or rate; or

– there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or

– there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or

– there is a change of its assessment on whether it will exercise an extension or termination option; or

– there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

When the basis for determining future lease payments changes as required by interest rate benchmark reform, the Group remeasures the lease liability by discounting the revised lease payments using the revised discount rate that reflects the change to an alternative benchmark interest rate.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of transportation equipment, copy machines and other equipment that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a practical expedient, the Group elects not to assess whether all rent concessions that meets all the following conditions are lease modifications or not:

– the rent concessions occurring as a direct consequence of the COVID-19 pandemic;

– the change in lease payments that resulted in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

– any reduction in lease payments that affects only those payments originally due on, or before, June 30, 2021; and

– there is no substantive change in other terms and conditions of the lease.

(Continued)

In accordance with the practical expedient, the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs. Payments made under operating lease (excluding insurance and maintenance expenses) are recognized in profit or loss on a straight-line basis over the term of the lease.

(k) Intangible assets

i) Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets, including customer relationships, patents and trademarks, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

i.	Trademarks	10~20 years
ii.	Patents	7~20 years
iii.	Technology know-how	10 years
iv.	Charters, Licenses, and Customer relationship	2~5 years
v.	Computer software	3 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(l) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(m) Provisions

A provision is recognized if, as a result of a past event, the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

A provision need not be disclosed if there is only a small likelihood of an outflow of future economic benefits. Only present obligation that is less than likely to happen or cannot be reasonably estimated should be disclosed as contingent liability. The existence of the contingent liability is decided based on one or numerous future events. Disclosure is not necessary if the obligation is highly unlikable to happen, otherwise it should be recognized as contingent liability.

(n) Revenue

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

(Continued)

i) Sale of goods

The Group recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

The Group often offers volume discounts to its customers. Revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate the discounts, using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. A contract liability is recognized for expected volume discounts payable to customers in relation to sales made until the end of the reporting period.

(o) Government grants and government assistance

The Group recognizes an unconditional government grant related to salary expense in profit or loss as other income when the grant becomes receivable. Grants that compensate the Group for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which they occurred

(p) Employee benefits

Obligations for contributions to defined contribution plans are expensed as the related service is provided by the employee for the relevant time period. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

Pension funds are recognized according to the labor regulations of the R.O.C., P.R.C., Malaysia, and Japan. Other than allocating pension obligations to the cost of goods sold, these obligations should be recognized as expense in the period they occurred.

(q) Income taxes

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

Income tax expenses for the period are 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 (and allocated to current and deferred taxes based on its proportionate size).

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 rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled, and be recognized directly in equity or other comprehensive income as tax expense.

(Continued)

(r) Business combinations

The Company accounts for business combinations using the acquisition method. The goodwill arising from an acquisition is measured as the excess of (i) the consideration transferred (which is generally measured at fair value) and (ii) the amount of non-controlling interest in the acquiree, both over the identifiable net assets acquired at the acquisition date. If the amount calculated above is a deficit balance, the Company recognized that amount as a gain on a bargain purchase in profit or loss immediately after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed.

All acquisition-related transaction costs are expensed as incurred, except for the issuance of debt or equity instruments.

(s) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as employee compensation.

(t) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance.

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

The preparation of the consolidated financial statements in conformity with the Regulations and IFRSs (in accordance with IAS 34 "Interim Financial Reporting") 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 management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

Any assumptions and estimates deriving from uncertainty with the risk of causing major adjustments to the consolidated financial statements in the following period dre listed as follows. Those assumptions and estimation have been updated to reflect the impact of COVID-19 pandemic:

(Continued)

(a) Revenue Recognition

The Group records an expected value or the most likely amount for estimated future returns and allowances based on historical experiences, market and economic conditions, and any other known factors. In the period when the sale of the product actually occurs, the Group records the amount as a deduction to sales. The adequacy of estimations is reviewed periodically. The fierce market competition and evolution of technology could result in significant adjustments to the estimation made. For information on estimations of sales return and allowances, please refer to notes 6(m) and (r).

(b) Net realizable value of inventory

Inventories are stated at the lower of cost or net realizable value. The Group estimates the net realizable value of inventory for normal waste, obsolescence and unmarketable items at the end of reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is determined mainly based on the assumptions of future demand within a specific time horizon. For the estimation of the valuation of inventory, please refer to note 6(d).

(c) Impairment loss of trade receivables

The Group has estimated the loss allowance of trade receivables that is based on the risk of a default occurring and the rate of expected credit loss. The Group has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions to be used in calculating the impairments and the selected inputs. For the relevant assumptions and input values, please refer to note 6(c).

(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 statements for the current period and the 2020 consolidated financial statements. Please refer to Note 6 of the 2020 annual consolidated financial statements.

(a) Cash and cash equivalents

	June 30, 2021		December 31, 2020		June 30, 2020	
	CNY	TWD	CNY	TWD	CNY	TWD
Cash on hand	$ 1,865	8,037	1,721	7,533	1,851	7,760
Demand deposits	810,695	3,493,283	581,363	2,544,624	369,813	1,549,886
Time deposits	51,697	222,762	71,220	311,730	27,330	114,539
	$ 864,257	**3,724,082**	**654,304**	**2,863,887**	**398,994**	**1,672,185**

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

(b) Other current financial assets

	June 30, 2021 CNY	June 30, 2021 TWD	December 31, 2020 CNY	December 31, 2020 TWD	June 30, 2020 CNY	June 30, 2020 TWD
Restricted deposits	$ 583,884	2,515,956	577,472	2,527,593	629,001	2,636,142
Time deposits－maturity more than three-month	141,000	607,569	199,265	872,184	179,330	751,572
Total	**$ 724,884**	**3,123,525**	**776,737**	**3,399,777**	**808,331**	**3,387,714**

Please refer to note 8 for more details on restricted time deposits, which are certificates of time deposits pledged as collateral for the Group's bank loans.

(c) Notes and trade receivables

	June 30, 2021 CNY	June 30, 2021 TWD	December 31, 2020 CNY	December 31, 2020 TWD	June 30, 2020 CNY	June 30, 2020 TWD
Notes receivables	$ 4,157	17,912	3,542	15,505	14,198	59,505
Trade receivables	848,070	3,654,334	860,395	3,765,950	921,812	3,863,314
Trade receivables from related parties	20,212	87,090	26,276	115,007	26,962	112,996
Long-term receivables	41,769	179,983	46,032	201,484	61,515	257,809
	914,208	3,939,319	936,245	4,097,946	1,024,487	4,293,624
Less: Loss allowance	48,302	208,133	47,528	208,030	65,028	272,534
	$ 865,906	**3,731,186**	**888,717**	**3,889,916**	**959,459**	**4,021,090**

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 and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowance provision for trade receivables in Mainland China and Malaysia were determined as follows:

	June 30, 2021				
	Gross carrying amount CNY	Gross carrying amount TWD	Weighted average loss rate	Loss allowance provision CNY	Loss allowance provision TWD
Current	$ 613,349	2,642,916	1	6,134	26,429
1 to 30 days past due	55,519	239,230	2	1,110	4,785
31 to 90 days past due	49,806	214,616	4	1,992	8,585
91 to 180 days past due	43,881	189,084	8	3,510	15,127
181 to 360 days past due	17,461	75,241	16	2,794	12,039
More than 1 year past due	34,861	150,217	85	29,736	128,130
	$ 814,877	**3,511,304**		**45,276**	**195,095**

	December 31, 2020				
	Gross carrying amount		Weighted average loss rate	Loss allowance provision	
	CNY	TWD		CNY	TWD
Current	$ 586,577	2,567,447	1	5,866	25,674
1 to 30 days past due	45,770	200,337	2	916	4,007
31 to 90 days past due	59,512	260,483	4	2,380	10,419
91 to 180 days past due	45,015	197,031	8	3,601	15,762
181 to 360 days past due	18,842	82,473	16	3,015	13,196
More than 1 year past due	35,542	155,564	84	29,767	130,291
	$ 791,258	**3,463,335**		**45,545**	**199,349**

	June 30, 2020				
	Gross carrying amount		Weighted average loss rate	Loss allowance provision	
	CNY	TWD		CNY	TWD
Current	$ 435,097	1,823,491	1	4,351	18,235
1 to 30 days past due	80,741	338,385	2	1,615	6,768
31 to 90 days past due	115,538	484,221	4	4,622	19,369
91 to 180 days past due	77,986	326,841	8	6,239	26,147
181 to 360 days past due	68,543	287,268	16	10,967	45,963
More than 1 year past due	55,508	232,635	63	35,163	147,373
	$ 833,413	**3,492,841**		**62,957**	**263,855**

The loss allowance provision for notes receivable and trade receivable in Taiwan and Japan were determined as follows:

	June 30, 2021				
	Gross carrying amount		Weighted average loss rate	Loss allowance provision	
	CNY	TWD		CNY	TWD
Current	$ 80,099	345,144	0	-	-
1 to 30 days past due	4,674	20,141	0	-	-
31 to 90 days past due	2,772	11,946	1	28	119
91 to 180 days past due	4,695	20,231	3	141	607
181 to 360 days past due	1,829	7,879	7	128	552
More than 1 year past due	5,262	22,674	52	2,729	11,760
	$ 99,331	**428,015**		**3,026**	**13,038**

(Continued)

	December 31, 2020				
	Gross carrying amount		Weighted average loss rate	Loss allowance provision	
	CNY	TWD		CNY	TWD
Current	$ 133,980	586,430	0	-	-
1 to 30 days past due	1,959	8,577	0	-	-
31 to 90 days past due	1,817	7,955	1	18	80
91 to 180 days past due	2,334	10,217	3	70	307
181 to 360 days past due	2,142	9,376	7	150	656
More than 1 year past due	2,755	12,056	63	1,745	7,638
	$ 144,987	**634,611**		**1,983**	**8,681**

	June 30, 2020				
	Gross carrying amount		Weighted average loss rate	Loss allowance provision	
	CNY	TWD		CNY	TWD
Current	$ 164,365	688,851	0	-	-
1 to 30 days past due	17,715	74,242	0	18	74
31 to 90 days past due	2,514	10,538	2	53	221
91 to 180 days past due	2,598	10,890	9	231	967
181 to 360 days past due	1,004	4,207	22	225	942
More than 1 year past due	2,878	12,055	54	1,544	6,475
	$ 191,074	**800,783**		**2,071**	**8,679**

The movement in the allowance for notes and trade receivables were as follows:

	For the six months ended June 30,			
	2021		2020	
Balance at January 1	$ 47,528	208,030	49,442	212,848
Impairment losses recognized	2,559	11,139	16,288	69,398
Amounts written off	(1,837)	(7,949)	(756)	(3,221)
Foreign exchange gains (losses)	52	(3,087)	54	(6,491)
Balance at June 30	**$ 48,302**	**208,133**	**65,028**	**272,534**

As of June 30, 2021, December 31 and June 30, 2020, the notes and trade receivables of the Group were not discounted or pledged as collateral.

(d) Inventories

i) The details were as follows:

	June 30, 2021		December 31, 2020		June 30, 2020	
	CNY	TWD	CNY	TWD	CNY	TWD
Finished goods	$ 341,726	1,472,498	368,913	1,614,732	330,796	1,386,363
Work in process	252,285	1,087,096	222,624	974,425	270,786	1,134,865
Raw materials	51,260	220,880	46,116	201,849	49,825	208,817
Low value consumables	10,376	44,710	11,931	52,222	10,648	44,626
	$ 655,647	2,825,184	649,584	2,843,228	662,055	2,774,671

ii) The details of the cost of good sales

	For the three months ended June 30, 2021		2020	
	CNY	TWD	CNY	TWD
Cost of inventories sold	$ 242,420	1,050,888	177,069	748,168
Inventory scrap loss	24,788	107,418	15,699	66,275
Inventory obsolescence (gain) loss	2,499	10,989	(4,141)	(17,853)
	$ 269,707	1,169,295	188,627	796,590

	For the six months ended June 30, 2021		2020	
	CNY	TWD	CNY	TWD
Cost of inventories sold	$ 441,020	1,919,982	305,293	1,300,763
Inventory scrap loss	46,776	203,640	28,233	120,292
Inventory obsolescence (gain) loss	(2,331)	(10,148)	128	545
	$ 485,465	2,113,474	333,654	1,421,600

(e) Prepayments

	June 30, 2021		December 31, 2020		June 30, 2020	
	CNY	TWD	CNY	TWD	CNY	TWD
Input Tax	$ 77,367	333,375	89,803	393,066	72,498	303,837
Other prepaid expenses	13,725	59,140	13,798	60,394	23,439	98,224
Prepaid purchases	5,740	24,736	951	4,162	2,873	12,040
Prepaid advertisement	2,195	9,459	3,179	13,912	15,765	66,073
Prepaid insurance	583	2,511	784	3,432	440	1,848
Other prepayments	12,520	53,948	9,656	42,267	10,518	44,085
	$ 112,130	483,169	118,171	517,233	125,533	526,107

(Continued)

(f) Acquisition of subsidiary

In order for the Group to extend its retail coverage in the competitive contact lenses market and to achieve its retail expansion goal, the Group's Board of Directors approved the acquisition of 100% shares and full control of Asiastar Co., Ltd. on December 31, 2020. The rights and obligations of Asiastar Co., Ltd. were transferred on January 4, 2021, which was also deemed as the acquisition date.

Asiastar Co., Ltd. is mainly engaged in the distribution of contact lenses, lens care products and eye-moisturizing products.

Each major class of consideration transferred, assets acquired and liabilities assumed on the acquisition date, and goodwill recognized are summarized below:

i) The following table summarizes the acquisition-date fair value of each major class of consideration transferred.

	CNY	TWD
Cash	$ 7,366	32,000

ii) The following table summarizes the fair value of the recognized amounts of assets acquired and liabilities assumed at the acquisition date.

	CNY	TWD
Intangible assets - patents and customer relationship	3,190	13,856
Inventories	25,545	110,969
Trade receivables	12,531	54,433
Cash and cash equivalents	2,017	8,762
Prepaid expenses	1,782	7,741
Other current assets	341	1,480
Notes payable to related parties	(35)	(150)
Trade payables	(41,844)	(181,772)
Accrued expenses	(311)	(1,349)
Other current liabilities	(168)	(731)
Total identifiable net assets acquired	$ 3,048	13,239

The fair value of intangible assets (including patents and customer relationships) of TWD $13,856 thousand has been determined provisionally pending completion of an independent valuation.

If there is information discovered within one year from the acquisition date about facts and circumstances that existed at the acquisition date which lead to an adjustment to the above-mentioned provision amounts, or any additional provisions at the acquisition date, then the acquisition accounting will be revised.

(Continued)

iii) Goodwill

Goodwill arising from the acquisition has been recognized as follows:

	CNY	TWD
Consideration transferred	7,366	32,000
Less: Fair value of identifiable net assets	3,048	13,239
Goodwill	$ **4,318**	**18,761**

The goodwill is mainly attributable to the synergies expected to be achieved from revenue growth and future market development. Since these benefits do not meet the definition of identifiable intangible assets, the Group does not recognize them separately. None of the goodwill recognized is expected to be deductible for tax purposes.

iv) Intangible assets

Acquired intangible assets - patents and customer relationships, as mentioned above, are amortized over their useful life of three years, under the straight-line method.

(g) Property, plant and equipment

	For the six months ended June 30, 2021									
	Beginning balance		Additions		Disposals		Reclassification and exchange rate difference		Ending balance	
	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD
Cost:										
Building	$ 777,156	3,401,613	25,519	111,096	(1,032)	(4,494)	78,699	285,179	880,342	3,793,394
Leasehold improvements	128,177	561,031	164	714	(2,276)	(9,910)	(68,975)	(305,834)	57,090	246,001
Machinery	1,770,372	7,749,111	26,569	115,670	(38,443)	(167,363)	41,532	58,911	1,800,030	7,756,329
Transportation equipment	10,280	44,995	100	435	(353)	(1,537)	31	(553)	10,058	43,340
Other equipment	28,151	123,214	72	315	(1,532)	(6,670)	87	(1,473)	26,778	115,386
Construction in process	90,947	397,882	42,215	183,782	-	-	(68,755)	(304,134)	64,407	277,530
Subtotal	2,805,083	12,277,846	94,639	412,012	(43,636)	(189,974)	(17,381)	(267,904)	2,838,705	12,231,980
Accumulated depreciation:										
Building	154,898	677,986	15,056	65,546	(820)	(3,568)	1,299	(5,568)	170,433	734,396
Leasehold improvements	26,257	114,935	1,569	6,832	(2,276)	(9,910)	65	(1,482)	25,615	110,375
Machinery	764,510	3,346,263	75,169	327,247	(37,834)	(164,711)	6,192	(26,968)	808,037	3,481,831
Transportation equipment	7,214	31,576	419	1,822	(337)	(1,467)	16	(424)	7,312	31,507
Other equipment	21,604	94,549	900	3,919	(1,491)	(6,492)	107	(970)	21,120	91,006
Subtotal	974,483	4,265,309	93,113	405,366	(42,758)	(186,148)	7,679	(35,412)	1,032,517	4,449,115
Property, plant and equipment, net	$ **1,830,600**	**8,012,537**	**1,526**	**6,646**	**(878)**	**(3,826)**	**(25,060)**	**(232,492)**	**1,806,188**	**7,782,865**

(Continued)

	For the six months ended June 30, 2020									
	Beginning balance		Additions		Disposals		Reclassification and exchange rate difference		Ending balance	
	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD
Cost:										
Building	$ 777,459	3,346,961	1,899	8,091	(627)	(2,672)	25,829	19,535	804,560	3,371,915
Leasehold improvements	149,732	644,596	1,176	5,010	-	-	(22,435)	(111,180)	128,473	538,426
Machinery	1,641,762	7,067,785	30,338	129,266	(3,333)	(14,203)	81,900	154,200	1,750,667	7,337,048
Transportation equipment	12,054	51,892	108	460	(1,521)	(6,480)	65	(1,005)	10,706	44,867
Other equipment	31,355	134,983	349	1,489	(822)	(3,504)	392	(1,897)	31,274	131,071
Construction in process	135,082	581,528	34,468	146,857	-	-	(40,412)	(187,168)	129,138	541,217
Subtotal	2,747,444	11,827,745	68,338	291,173	(6,303)	(26,859)	45,339	(127,515)	2,854,818	11,964,544
Accumulated depreciation:										
Building	134,316	578,230	18,121	77,208	(125)	(531)	(4,877)	(37,006)	147,435	617,901
Leasehold improvements	31,210	134,359	1,719	7,324	-	-	(8,010)	(37,241)	24,919	104,442
Machinery	630,505	2,714,324	71,732	305,629	(3,104)	(13,226)	8,997	(38,963)	708,130	2,967,764
Transportation equipment	9,058	38,993	324	1,379	(1,427)	(6,082)	30	(831)	7,985	33,459
Other equipment	22,858	98,404	1,202	5,122	(780)	(3,326)	255	(1,556)	23,535	98,644
Subtotal	827,947	3,564,310	93,098	396,662	(5,436)	(23,165)	(3,605)	(115,597)	912,004	3,822,210
Property, plant and equipment, net	$ **1,919,497**	**8,263,435**	**(24,760)**	**(105,489)**	**(867)**	**(3,694)**	**48,944**	**(11,918)**	**1,942,814**	**8,142,334**

The Group's interest expense for the six months ended June 30, 2021 and 2020 amounted to CNY16,429 thousand (TWD71,523 thousand) and CNY25,216 thousand (TWD107,443 thousand), respectively, wherein the amounts of CNY280 thousand (TWD1,221 thousand) and CNY839 thousand (TWD3,578 thousand) were accounted for as capitalized borrowing cost for the acquisition of fixed assets (construction in process and prepayments of equipment) at the capitalization rate of 1.6592% and 1.5900%, respectively; please refer to note 6(u).

The property, plant and equipment of the Group have been pledged as collateral for long-term borrowings; please refer to note 8.

(h) Right-of-use assets

The Group leases many assets including land and buildings, machinery, vehicles, etc. Information regarding the cost and depreciation of these leases are presented below:

	CNY				
	Land	**Buildings**	**Machinery and equipment**	**Vehicles**	**Total**
Cost:					
Balance at January 1, 2021	$ 76,965	32,440	2,683	1,417	113,505
Additions	-	2,157	-	452	2,609
Disposal/Write-off	-	(469)	(534)	(32)	(1,035)
Foreign currency translation difference	948	125	42	22	1,137
Balance at June 30, 2021	$ **77,913**	**34,253**	**2,191**	**1,859**	**116,216**

(Continued)

Ginko International Co., Ltd. And Subsidiaries
Notes to the Consolidated Financial Statements

		CNY			
	Land	Buildings	Machinery and equipment	Vehicles	Total
Balance at January 1, 2020	$ 78,706	30,607	1,932	1,195	112,440
Additions	6	2,305	-	455	2,766
Disposal/Write-off	-	(280)	-	-	(280)
Foreign currency translation difference	1,683	447	52	32	2,214
Balance at June 30, 2020	**$ 80,395**	**33,079**	**1,984**	**1,682**	**117,140**
Accumulated depreciation and impairment losses:					
Balance at January 1, 2021	$ 3,345	19,966	1,272	674	25,257
Depreciation for the year	834	5,295	318	285	6,732
Disposal/Write-off	-	(469)	-	-	(469)
Foreign currency translation difference	45	60	23	14	142
Balance at June 30, 2021	**$ 4,224**	**24,852**	**1,613**	**973**	**31,662**
Balance at January 1, 2020	$ 1,698	9,747	609	356	12,410
Depreciation for the year	861	5,159	298	291	6,609
Disposal/Write-off	-	(115)	-	-	(115)
Foreign currency translation difference	45	172	22	15	254
Balance at June 30, 2020	**$ 2,604**	**14,963**	**929**	**662**	**19,158**
Carrying amount:					
Balance at January 1, 2021	**$ 73,620**	**12,474**	**1,411**	**743**	**88,248**
Balance at June 30, 2021	**$ 73,689**	**9,401**	**578**	**886**	**84,554**
Balance at June 30, 2020	**$ 77,791**	**18,116**	**1,055**	**1,020**	**97,982**
Balance at January 1, 2020	**$ 77,008**	**20,860**	**1,323**	**839**	**100,030**

		TWD			
	Land	Buildings	Machinery and equipment	Vehicles	Total
Cost:					
Balance at January 1, 2021	$ 336,879	141,998	11,742	6,198	496,817
Additions	-	9,295	-	1,948	11,243
Disposal/Write-off	-	(2,022)	(2,303)	(140)	(4,465)
Foreign currency translation difference	(1,148)	(1,667)	-	-	(2,815)
Balance at June 30, 2021	**$ 335,731**	**147,604**	**9,439**	**8,006**	**500,780**
Balance at January 1, 2020	$ 338,834	131,769	8,313	5,138	484,054
Additions	24	9,660	-	1,914	11,598
Disposal/Write-off	-	(1,173)	-	-	(1,173)
Foreign currency translation difference	(1,923)	(1,617)	-	-	(3,540)
Balance at June 30, 2020	**$ 336,935**	**138,639**	**8,313**	**7,052**	**490,939**

(Continued)

		Land	Buildings	CNY Machinery and equipment	Vehicles	Total
Accumulated depreciation and impairment losses:						
Balance at January 1, 2021	$	14,643	87,393	5,566	2,952	110,554
Depreciation for the year		3,633	23,052	1,385	1,242	29,312
Disposal/Write-off		-	(2,043)	-	-	(2,043)
Foreign currency translation difference		(70)	(1,315)	-	-	(1,385)
Balance at June 30, 2021	$	**18,206**	**107,087**	**6,951**	**4,194**	**136,438**
Balance at January 1, 2020	$	7,310	41,962	2,622	1,532	53,426
Depreciation for the year		3,670	21,981	1,271	1,241	28,163
Disposal/Write-off		-	(490)	-	-	(490)
Foreign currency translation difference		(66)	(738)	-	-	(804)
Balance at June 30, 2020	$	**10,914**	**62,715**	**3,893**	**2,773**	**80,295**
Carrying amount:						
Balance at January 1, 2021	$	**322,236**	**54,605**	**6,176**	**3,246**	**386,263**
Balance at June 30, 2021	$	**317,525**	**40,517**	**2,488**	**3,812**	**364,342**
Balance at June 30, 2020	$	**326,021**	**75,924**	**4,420**	**4,279**	**410,644**
Balance at January 1, 2020	$	**331,524**	**89,807**	**5,691**	**3,606**	**430,628**

The right-of-use assets of the Group have been pledged as collateral; please refer to note 8.

(i) Intangible assets

i) Goodwill

		June 30, 2021		December 31, 2020		June 30, 2020	
		CNY	TWD	CNY	TWD	CNY	TWD
Beginning balance	$	7,831	34,276	7,831	33,712	7,831	33,712
Acquisition through business combinations		4,318	18,761	-	-	-	-
Effect of change in exchange rates		38	(524)	-	564	-	(892)
	$	**12,187**	**52,513**	**7,831**	**34,276**	**7,831**	**32,820**

The goodwill was generated through the acquisition of 100% equity shares of Asiastar Corporation, Shanghai Horien Corporation and Yung Sheng Corporation on January 4 ,2021, April 1, 2013 and September 1, 2010, respectively. Please refer to note 6(f) for details regarding the goodwill generated from acquisition through business combinations.

ii) Others

	June 30, 2021 CNY	June 30, 2021 TWD	December 31, 2020 CNY	December 31, 2020 TWD	June 30, 2020 CNY	June 30, 2020 TWD
Original cost	$ 26,567	136,879	26,388	136,102	26,388	136,102
Acquisition through business combinations	3,190	13,856	-	-	-	-
Plus: Additions	-	-	179	777	182	775
Less: Accumulated amortization	(26,782)	(115,404)	(25,648)	(112,261)	(24,929)	(104,477)
Effect of change in exchange rates	450	(20,570)	18	(20,516)	33	(25,386)
	$ 3,425	14,761	937	4,102	1,674	7,014

The accumulated amortization was as follows:

	June 30, 2021 CNY	June 30, 2021 TWD	December 31, 2020 CNY	December 31, 2020 TWD	June 30, 2020 CNY	June 30, 2020 TWD
Beginning balance	$ 25,648	112,261	24,202	104,190	24,202	104,190
Plus: Amortization for the year	724	3,150	1,446	6,191	727	3,099
Effect of change in exchange rates	410	(7)	-	1,880	-	(2,812)
	$ 26,782	115,404	25,648	112,261	24,929	104,477

For the production process of contact lenses and related products, the Group had to acquire trademark, patent, technology-know-how, concession, license, franchise and customer relationship, which are allocated to general and administrative expenses.

Please refer to note 6(f) for details regarding the goodwill generated from acquisition through business combinations.

(j) Other non-current assets

	June 30, 2021 CNY	June 30, 2021 TWD	December 31, 2020 CNY	December 31, 2020 TWD	June 30, 2020 CNY	June 30, 2020 TWD
Restricted deposits	$ 1,102	4,748	1,709	7,481	1,733	7,262
Refundable deposits-non-current	452	1,950	446	1,950	465	1,950
Total	$ 1,554	6,698	2,155	9,431	2,198	9,212

(k) Bank loans

	June 30, 2021 CNY	June 30, 2021 TWD	December 31, 2020 CNY	December 31, 2020 TWD	June 30, 2020 CNY	June 30, 2020 TWD
Current:						
Unsecured loans	$ 359,406	1,548,679	441,684	1,933,251	504,765	2,115,471
Secured loans	651,997	2,809,458	585,607	2,563,200	620,147	2,599,035
Long-term loans within a year	30,197	130,118	46,836	205,000	-	-
Subtotal	1,041,600	4,488,255	1,074,127	4,701,451	1,124,912	4,714,506

(Continued)

	June 30, 2021 CNY	June 30, 2021 TWD	December 31, 2020 CNY	December 31, 2020 TWD	June 30, 2020 CNY	June 30, 2020 TWD
Non-current:						
Unsecured loans	$ 58,018	250,000	57,117	250,000	700,692	2,936,600
Secured loans	910,383	3,922,842	863,057	3,777,600	286,328	1,200,000
Subtotal	968,401	4,172,842	920,174	4,027,600	987,020	4,136,600
Total	$ **2,010,001**	**8,661,097**	**1,994,301**	**8,729,051**	**2,111,932**	**8,851,106**
Interest rates		**0.58%~3.44%**		**0.75%~3.6%**		**1.35%~4.35%**

Please refer to note 8 for the Group's pledged assets as collateral for bank loans as of June 30, 2021, December 31 and June 30, 2020.

i) On June 17, 2019, the Group's subsidiary, Yungsheng Corporation, entered into a syndicated loan agreement with twelve financial institutions, with Chang Hwa Commercial Bank acting as the leading bank. Yungsheng Corporation issued a corporate commercial paper for the redemption of its loan amounting to TWD4,100,000 thousand, with TWD2,800,000 thousand being guaranteed by the Company. The total loan of TWD4,100,000 thousand is divided into three separate credit lines: Credit line A amounting to TWD2,400,000 thousand; Credit line B amounting to TWD350,000 thousand; and Credit line C amounting to TWD1,350,000 thousand. The total amount of loan commitments is to be used for the expansion of the subsidiary's factories, acquisition of machinery and other relevant equipment. The remaining amount of loan is to be used for settling current loans and to provide liquidity to its working capital.

ii) Throughout the duration of the syndicated loan agreement, the Group should comply with the following financial covenants, which require Yungsheng Corporation to maintain certain financial ratios based on Yungsheng Corporation's individual annual and semi-annual financial statements and to comply with the listed clauses as follows:

   i. Current ratio (current assets / current liabilities) should be higher than or equal to 100%;

   ii. Liability ratio (total liabilities / tangible net value) should be less than or equal to 250%;

   iii. Times interest earned ratio [(profit before income tax+ interest expense + depreciation +amortization) / interest expense] should not be less than 3;

   iv. Tangible net assets (total equity - intangible assets) should not be less than TWD2,000,000 thousand;

   v. The Company needs to ensure that its investment in Yungsheng Corporation, Haichang Corporation, Shanghai Horien and Horien Corporation, should not be less than 75%. It should have substantial control over the aforementioned subsidiaries and is not allowed to pledge its shares in the subsidiaries as collateral to any third party.

   If the abovementioned terms are not met, the Group will have to improve within a given period of time after the annual or semi-annual reporting date. During the improvement period, non-compliance with the clauses will not be regarded as a breach of contract, but the loan interest rate will be raised.

iii) There are seven repayment terms in total. Twenty-four months after the initiation of Credit line A and C will be deemed as the first term, and then every 6 months thereafter, will be deemed as one term.

(Continued)

As of June 30, 2021, December 31 and June 30, 2020, the withdrawal amounts of the 2019 syndicated loan were CNY801,337 thousand (TWD3,452,960 thousand), CNY743,112 thousand (TWD3,252,600 thousand) and CNY760,344 thousand (TWD3,186,600 thousand). These withdrawals were mainly used for reimbursement and capital expenditures. For the months ended June 30, 2021, December 31 and June 30, 2020, the Group has not breach any of the above-mentioned financial covenants or clauses.

(l) Lease liabilities

The carrying amount of the Group's lease liabilities were as follows:

	June 30, 2021		December 31, 2020		June 30, 2020	
	CNY	**TWD**	**CNY**	**TWD**	**CNY**	**TWD**
Current	$ 7,051	30,384	8,840	38,693	9,618	40,310
Non-current	$ 59,215	255,155	59,719	261,390	66,717	279,613

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

The amounts recognized in profit or loss were as follows:

	For the three months ended June 30, 2021		2020	
	CNY	**TWD**	**CNY**	**TWD**
Interest on lease liabilities	$ 320	1,385	391	1,645
Expenses relating to short-term leases	$ 77	332	-	(1)
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	$ 88	377	61	255

	For the six months ended June 30, 2021		2020	
	CNY	**TWD**	**CNY**	**TWD**
Interest on lease liabilities	$ 651	2,835	788	3,356
Expenses relating to short-term leases	$ 386	1,682	23	98
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	$ 208	904	130	553

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

	For the six months ended June 30, 2021		2020	
	CNY	**TWD**	**CNY**	**TWD**
Total cash outflow for leases	$ 7,640	33,052	5,699	24,058

(Continued)

i) Real estate leases

The Group leases land and buildings for its office space. The leases of these office spaces typically run for a period of 3 to 50 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.

Some machinery and equipment leases contain extension or cancellation options. These leases are negotiated and monitored by local management, and accordingly, contain a wide range of different terms and conditions. The extension options held are exercisable only by the Group and not by the lessors. In cases where the lessee is not reasonably certain to use an optional extended lease term, payments associated with the optional period are not included within lease liabilities.

ii) Other leases

The Group also leases machinery and vehicles with contract terms of 3 to 5 years. Copying machines and other IT equipment have contract terms of 1 to 3 years. These leases are short-term and/or leases of low-value items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

(m) Other payables

		June 30, 2021		December 31, 2020		June 30, 2020	
		CNY	**TWD**	**CNY**	**TWD**	**CNY**	**TWD**
Accrued expenses and other payables	$	64,439	277,669	59,120	258,768	70,126	293,897
Accrued salary and bonus		36,416	156,917	52,335	229,069	31,641	132,606
Tax payable		9,885	42,594	19,956	87,347	10,523	44,102
Dividends payable		135,168	582,438	-	-	66,177	277,351
	$	**245,908**	**1,059,618**	**131,411**	**575,184**	**178,467**	**747,956**

Payables as mentioned above were expected to redeem within 1 year.

(n) Current refundable liabilities

i) Allowance for sales discount

		Allowance for sales discount	
		CNY	**TWD**
Balance at January 1, 2021	$	27,306	119,519
Allowance made during the period		220,788	961,199
Allowance used during the period		(223,060)	(971,094)
Effect of changes in foreign exchange rate		236	(736)
Balance at June 30, 2021	$	**25,270**	**108,888**

(Continued)

		Allowance for sales discount	
		CNY	TWD
Balance at January 1, 2020	$	30,105	129,603
Allowance made during the period		128,104	545,813
Allowance used during the period		(143,440)	(611,155)
Effect of changes in foreign exchange rate		372	(806)
Balance at June 30, 2020	$	**15,141**	**63,455**

(o) Employee benefit

The defined contribution plan recognized by the Group as employee benefit expense in the employee's labor service period is determined as follows:

		For the three months ended June 30, 2021		2020	
		CNY	TWD	CNY	TWD
Pension expense	$	**6,416**	**27,851**	**3,251**	**13,669**

		For the six months ended June 30, 2021		2020	
		CNY	TWD	CNY	TWD
Pension expense	$	**10,017**	**43,609**	**6,698**	**29,817**

(p) Income tax expense

i) Income tax expense

The income tax expense for the six months ended June 30, 2021 and 2020, were as follows:

		For the three months ended June 30, 2021		2020	
		CNY	TWD	CNY	TWD
Current income tax expense					
Currently incurred	$	18,509	80,183	21,698	91,738
Adjustment to prior year's income tax charged to current income tax		(8,768)	(38,171)	(2,037)	(8,680)
		9,741	42,012	19,661	83,058
Deferred tax expense					
The origination and reversal of temporary differences unrecognized tax losses		(348)	(1,527)	(8,236)	(34,835)
Income tax expenses	$	**9,393**	**40,485**	**11,425**	**48,223**

	For the six months ended June 30,			
	2021		2020	
	CNY	TWD	CNY	TWD
Current income tax expense				
Currently incurred	$ 34,062	148,305	36,276	154,562
Adjustment to prior year's income tax charged to current income tax	(6,897)	(30,024)	(2,037)	(8,680)
	27,165	118,281	34,239	145,882
Deferred tax expense				
The origination and reversal of temporary differences	265	1,134	(13,471)	(57,396)
Income tax expenses	$ **27,430**	**119,415**	**20,768**	**88,486**

The Group has no income tax recognized in other comprehensive income or equity for the six months ended June 30, 2021 and 2020.

Ginko, Prosper Link, Gain Bless, and Master Harvest, have no tax liabilities for the six months ended June 30, 2021 and 2020, since they were incorporated in income-tax free countries.

According to Hong Kong's corporate tax regulations, Haichang International is subject to a tax rate of 16.5% for domestically earned profits.

In accordance with the Income Tax Law of the People's Republic of China, the standard tax rate for Haichang Corporation, Horien Corporation, Shanghai Horien, and Shanghai Fushiyuan is 25%, in the case of no tax incentives.

A tax incentive is granted to Haichang Corporation and Horien Corporation for qualifying as a high-tech enterprise in China on June 27, 2019 and December 2, 2020 respectively. The tax reduction is applicable for three years after the issuance date; the tax rate remains at 15%.

According to the Income Tax Law of the People's Republic of China, all foreign investors are subject to 10% withholding tax on their dividend income derived from their investment in local Chinese companies effective since January 2008.

However, some specific foreign investors would qualify for a reduced tax rate of 5% for dividend income according to Letter No.601 [2009] of the State Administration of Taxation issued on October 27, 2009. Since April 1, 2018, Letter No. 601[2009] has been replaced by Letter No.9 [2018] of the State Administration of Taxation.

In accordance with the Income Tax Act of the Republic of China, the corporate income tax rate for Yungsheng Corporation is 20% and a surtax of 5% on its prior year's undistributed earnings.

According to the Income Tax Act of Malaysia, Horien (Malaysia) is subject to a tax rate of 18%, given that the entity has a paid-up capital of less than MYR2500 thousand and does not benefit from any other tax incentives.

(Continued)

In accordance with the Income Tax Act of Japan, Yungsheng (Japan) has a stated capital exceeding JPY100,000 thousand, conforms to a standard tax rate of 23%. On the other hand, Uni-Beauty, with a stated capital less than JPY100,000 thousand and a taxable income of less than JPY8,000 thousand, is subject to a tax rate of 15%. However, if its taxable income exceeds JPY8,000 thousand, a tax rate of 23% applies.

ii) Uncertainty over income tax treatments

Filed tax returns, which are not yet assessed by the tax authorities, create uncertainty over income tax treatments. Therefore, the Group has measured the impact of probable outcomes through relevant tax rulings and historical experiences, and thus, recorded sufficient tax liabilities.

iii) Assessment of tax

Yungsheng Corporation's tax returns for the years through 2018 were assessed by the National Tax Administration.

(q) Capital and other equity interest

i) Share capital

As of June 30, 2021, December 31 and June 30, 2020, the total value of common shares issued by the Group were TWD970,730 thousand (CNY202,938 thousand), TWD970,730 thousand (CNY202,938 thousand) and TWD924,505 thousand (CNY191,908 thousand), respectively, with par value of TWD10 per share.

ii) Nature and purposes of capital surplus

i. Share premium

According to the Company Act of the Cayman Islands, share premium can only be issued if the Group could redeem debts and maintain normal operations after dividend distribution.

ii. Paid-in capital

Paid-in capital on consolidated financial statements consists of paid-in capital from equity restructuring, share premium, and share options of convertible bonds.

iii) Cumulative translation adjustment

Cumulative translation adjustment is the difference arising from the different conversion rates used in the financial statements of each subsidiary.

iv) Appropriations of retained earnings from subsidiaries which is the actual operating entity

i. P.R.C. statutory reserve

According to the regulations of the PRC and the Article of Incorporation of the subsidiaries registered in China, the subsidiaries should allocate retained earnings to the statutory reserve fund approved by the board of directors. The statutory reserve fund may be used to offset a deficit (if any), or increase capital; however, the increased capital should not be less than 25% of registered capital. According to the laws and regulations of the PRC, each subsidiary which is 100% held by a parent company in the PRC has to allocate 10% of its net income to the general reserve fund before distributing dividends to shareholders until the balance of reserve fund reaches up to 50% of registered capital.

ii. R.O.C. Legal reserve

According to the Company's Articles of Incorporation, when the subsidiary incurs no loss, the profit must first be used to pay the income tax expense, offset any prior years' deficits, then retain 10% of its after-tax annual earnings as legal reserve until such retention equals the amount of the total capital.

v) Appropriation of earnings

The Company's Articles of Incorporation stipulate that the Group's annual net earnings, if any, should be distributed according to the distribution plan proposed by the Board of Directors and submitted to the shareholders' meeting for approval, listed in the following order:

i. to settle the applicable amount of income tax;

ii. to offset prior years' deficit, if any;

iii. to appropriate 10% as legal reserve, unless the accumulated amount of the legal reserve already equals the total paid-up capital of the Company;

iv. to appropriate an amount to special reserve, pursuant to applicable laws and regulations;

v. then the remain earnings (i.e. after deducting items (i) to (iv) from net earnings, plus, previously unappropriated retained earnings) will be proposed for distribution by the Board of Directors during the shareholder's meeting for approval based on applicable regulations. The dividends distributed may not be less than 30% of the earnings after the abovementioned appropriations, items (i) to (iv), were made. Distribution shall be in the form of cash dividends and/or bonus shares, whereas the cash dividends shall not be less than 30% of total dividends.

(Continued)

Earnings distributions for 2020 and 2019 were decided by the resolution adopted at the general meeting of shareholders held on July 12, 2021 and June 23, 2020, respectively. The relevant dividend distributions to shareholders were as follows:

	2020		2019	
	Share distribution rate (in TWD)	**TWD**	**Share distribution rate (in TWD)**	**TWD**
Dividends attributable to ordinary shareholders:				
Cash	$ 6.00	582,438	3.00	277,351
Shares	-	-	0.50	46,225
Total		$ 582,438		323,576

(r) Earnings per share

The calculation of basic earnings per share and diluted earnings per share for the three months ended June 30, 2021 and 2020 were as follows:

Shares: thousand

	For the three months ended June 30, after tax			
	2021		**2020**	
	CNY	**TWD**	**CNY**	**TWD**
Basic EPS:				
Profit	**$ 92,476**	**401,242**	**47,340**	**201,014**
Weighted-average number of ordinary shares	**97,073**	**97,073**	**97,073**	**97,073**
Basic EPS (in Chinese Yuan and New Taiwan Dollars)	**$ 0.95**	**4.14**	**0.49**	**2.07**
Diluted EPS:				
Profit	$ 92,476	401,242	47,340	201,014
Profit (diluted)	**$ 92,476**	**401,242**	**47,340**	**201,014**
Weighted-average number of ordinary shares	97,073	97,073	97,073	97,073
Effect of potentially dilutive ordinary shares				
－Employee stock bonuses	167	167	290	290
Weighted-average number of ordinary shares outstanding (diluted)	**97,240**	**97,240**	**97,363**	**97,363**
Diluted EPS (in Chinese Yuan and New Taiwan Dollars)	**$ 0.95**	**4.13**	**0.49**	**2.06**

(Continued)

Shares: thousand

	For the six months ended June 30, after tax			
	2021		2020	
	CNY	TWD	CNY	TWD
Basic EPS:				
Profit attributable to ordinary shareholders of the Group	$ 152,415	663,545	61,422	261,702
Weighted-average number of ordinary shares	97,073	97,073	97,073	97,073
Basic EPS (in Chinese Yuan and New Taiwan Dollars)	$ 1.57	6.84	0.63	2.70
Diluted EPS:				
Profit attributable to ordinary shareholders of the Group	$ 152,415	663,545	61,422	261,702
Profit attributable to ordinary shareholders of the Group (diluted)	$ 152,415	663,545	61,422	261,702
Weighted-average number of ordinary shares	97,073	97,073	97,073	97,073
Effect of potentially dilutive ordinary shares				
－Employee stock bonuses	213	213	306	306
Weighted-average number of ordinary shares outstanding (diluted)	97,286	97,286	97,379	97,379
Diluted EPS (in Chinese Yuan and New Taiwan Dollars)	$ 1.57	6.82	0.63	2.69

(s) Revenue from contract with customers

i) Details of revenue

	For the three months ended June 30,			
	2021		2020	
	CNY	TWD	CNY	TWD
Primary geographical markets:				
Mainland China	$ 454,486	1,970,740	288,367	1,219,965
Taiwan	61,086	264,019	61,903	259,142
North-east Asia	21,477	93,012	37,499	157,245
Europe	4,009	17,226	11,483	48,619
South-east Asia	1,530	6,628	1,150	4,798
Other countries	60	255	12	46
	$ 542,648	2,351,880	400,414	1,689,815
Major products:				
Contact lenses	$ 456,999	1,980,808	330,498	1,394,298
Contact lenses care solution	85,649	371,072	69,916	295,517
	$ 542,648	2,351,880	400,414	1,689,815

(Continued)

	For the six months ended June 30,			
	2021		2020	
	CNY	TWD	CNY	TWD
Primary geographical markets:				
Mainland China	$ 802,466	3,493,535	465,866	1,984,915
Taiwan	145,991	635,572	156,192	665,487
North-east Asia	43,078	187,540	89,168	379,918
Europe	14,067	61,241	17,763	75,683
South-east Asia	2,988	13,008	3,236	13,788
Other countries	353	1,537	111	473
	$ 1,008,943	**4,392,433**	**732,336**	**3,120,264**
Major products:				
Contact lenses	$ 843,643	3,672,800	613,881	2,615,563
Contact lens care solution	165,300	719,633	118,455	504,701
	$ 1,008,943	**4,392,433**	**732,336**	**3,120,264**

ii) Contract balance

	June 30, 2021		December 31, 2020		June 30, 2020	
	CNY	TWD	CNY	TWD	CNY	TWD
Notes and trade receivables	$ 914,208	3,939,319	936,245	4,097,946	1,024,487	4,293,624
Less: allowance for impairment	(48,302)	(208,133)	(47,528)	(208,030)	(65,028)	(272,534)
Total	**$ 865,906**	**3,731,186**	**888,717**	**3,889,916**	**959,459**	**4,021,090**

	June 30, 2021		December 31, 2020		June 30, 2020	
	CNY	TWD	CNY	CNY	CNY	CNY
Contract liabilities-current	**$ 16,396**	**70,651**	**15,685**	**68,654**	**17,893**	**74,990**

For details on notes receivable, trade receivables and allowance for impairment, please refer to note 6(c).

The contract liabilities primarily relate to the difference between the point at which the goods or services are delivered to the customer (performance obligation is fulfilled), but the payment has not been received.

(t) Employee compensation and directors' and supervisors' remuneration

In accordance with the Articles of Incorporation, the Group should contribute between 1.5% and 10% of its net profit before tax as employee compensation, and less than 3% as directors' and supervisors' remuneration when there is profit for the year. However, if the Group has accumulated deficits, the profit should be reserved to offset the deficit. The distribution of remuneration of each director and supervisor, and compensation for qualified employees, will have to be approved during the board meeting attended by two-thirds or more board directors.

For the six months ended June 30, 2021 and 2020, the Group estimated its employee remuneration amounting to TWD26,896 thousand (CNY6,178 thousand) and TWD11,690 thousand (CNY2,744 thousand); and directors' and supervisors' remuneration amounting to TWD4,611 thousand (CNY1,059 thousand) and TWD2,004 thousand (CNY470 thousand), respectively. The estimated amounts mentioned above are calculated based on the net profit before tax multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses. If there is a change in the estimated amounts after the annual consolidated financial statements are authorized for issuance, the difference is recorded as change in accounting estimates and will be recognized as profit or loss in the following year's consolidated financial statements.

For the year ended December 31, 2020, the actual distribution of employee compensation was TWD45,802 thousand (CNY10,466 thousand), and the actual distribution of directors' and supervisors' remuneration was TWD7,852 thousand (CNY1,794 thousand). The actual amounts paid for employee compensation and directors' and supervisors' remuneration were higher than the amounts stated in the consolidated financial statements, with the difference being TWD1,217 thousand (CNY278 thousand) in total, which will be regarded as a change in accounting estimate and recorded as profit or loss in the year 2021. For more details, please visit the Market Observation Post System website.

(u) Non-operating income and expenses

i) Interest income

	For the three months ended June 30, 2021		2020	
	CNY	**TWD**	**CNY**	**TWD**
Interest income from bank deposits	$ **7,773**	**33,793**	**4,992**	**21,163**

	For the six months ended June 30, 2021		2020	
	CNY	**TWD**	**CNY**	**TWD**
Interest income from bank deposits	$ **9,891**	**43,060**	**7,168**	**30,543**

ii) Other income

	For the three months ended June 30, 2021		2020	
	CNY	**TWD**	**CNY**	**TWD**
Subsidy income from the government	$ 3,867	16,834	666	2,819
Others	1,045	4,529	183	738
	$ **4,912**	**21,363**	**849**	**3,557**

	For the six months ended June 30, 2021 CNY	2021 TWD	2020 CNY	2020 TWD
Subsidy income from the government	$ 3,867	16,834	1,048	4,467
Others	1,986	8,648	1,053	4,484
	$ 5,853	25,482	2,101	8,951

Subsidy income from the government is an unconditional subsidy given by Mainland China government for rewarding the Group' s contribution to local economic development and the stabilization of local employment.

iii) Other gains or losses

	For the three months ended June 30, 2021 CNY	2021 TWD	2020 CNY	2020 TWD
Foreign exchange gains or losses	$ 14,926	65,128	12,794	54,930
Losses on disposal of property, plant, and equipment	(265)	(1,141)	(827)	(3,529)
Bank fees	(489)	(2,129)	(183)	(773)
Donation contributions	-	1	-	-
Others	(183)	(795)	(73)	(299)
	$ 13,989	61,064	11,711	50,329

	For the six months ended June 30, 2021 CNY	2021 TWD	2020 CNY	2020 TWD
Foreign exchange gains or losses	$ 8,489	36,961	4,279	18,233
Losses on disposal of property, plant, and equipment	(853)	(3,714)	(827)	(3,529)
Bank fees	(535)	(2,331)	(316)	(1,346)
Donation contributions	(20)	(87)	(20)	(86)
Others	(287)	(1,250)	(197)	(834)
	$ 6,794	29,579	2,919	12,438

iv) Financial costs

	For the three months ended June 30, 2021 CNY	2021 TWD	2020 CNY	2020 TWD
Interest expenses of bank loans	$ 8,634	37,414	11,596	48,747
Less: capitalized interest	(123)	(535)	(447)	(1,888)
Other (note 6(l))	320	1,385	391	1,645
	$ 8,831	38,264	11,540	48,504

(Continued)

	For the six months ended June 30, 2021 CNY	2021 TWD	2020 CNY	2020 TWD
Interest expenses of bank loans	$ 16,429	71,523	25,216	107,443
Less: capitalized interest	(280)	(1,221)	(839)	(3,578)
Other (note 6(l))	651	2,835	788	3,356
	$ 16,800	73,137	25,165	107,221

(v) Financial risk management and fair value

i) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group' s receivables from customers. As at reporting date, the Group's exposure to credit risk was mainly from its trade receivables and other receivables. The management established policies on mitigating its exposure to risk and continues to monitor emerging risks.

Credit evaluation is performed on customers with past-due accounts. The evaluation is based on the customer's current financial condition, historical payment records, customer relationship and other factors. Each customer has different payment terms, ranging from 90~300 days, depending on their assessed credit ratings. The Group should first collect payments for overdue accounts before giving these customers extra or extended credits. Additional approval will be required for unusual situations. Please refer to note 6(c) for the disclosure of the Group' s maximum amount of credit risk exposure for its trade receivables and other receivables.

The Group's credit risk is mainly influenced by individual customers and not by the industry of the customer or its overall economic environment.

As of June 30, 2021, December 31 and June 30, 2020, the credit risk concentration of the Group' s top five customers consisted less than 23%, 24% and 20%, respectively, of its trade receivables.

The Group is not exposed to credit risk due to any financial guarantees. The Group's restricted deposits, cash and cash equivalents, are secured in major banks in Taiwan and Mainland China, which are all deemed creditworthy, and thus, not exposed to material credit risk.

The highest credit risk for each financial asset was recognized at the net value after deducting the allowance for impairment.

ii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. When it is unable to do so, the Group will suffer a loss in profit or equity and even risking damage to the Group's reputation. The Group manages liquidity risk by periodically monitoring and maintaining its current and expected liquidity level, to ensure that it is able to settle short-term and long-term liabilities.

(Continued)

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	June 30, 2021							
	Carrying amount		Nominal principal		Within 1 year		Long-term	
	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD
Unsecured loans	$ 359,406	1,548,679	371,793	1,602,056	371,793	1,602,056	-	-
Secured loans	651,997	2,809,458	653,912	2,817,707	653,912	2,817,707	-	-
Trade payables and other payables	367,498	1,583,550	367,498	1,583,550	367,498	1,583,550	-	-
Current contract liabilities	16,396	70,651	16,396	70,651	16,396	70,651	-	-
Long-term loans due within a year	30,197	130,118	30,737	132,447	30,737	132,447	-	-
Lease liabilities	66,266	285,539	94,476	407,098	8,183	35,261	86,293	371,837
Long-term loans	968,401	4,172,842	1,019,870	4,394,618	-	-	1,019,870	4,394,618
Total	$ 2,460,161	10,600,837	2,554,682	11,008,127	1,448,519	6,241,672	1,106,163	4,766,455

	December 31, 2020							
	Carrying amount		Nominal principal		Within 1 year		Long-term	
	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD
Unsecured loans	$ 441,684	1,933,251	449,637	1,968,061	449,637	1,968,061	-	-
Secured loans	585,607	2,563,200	586,872	2,568,739	586,872	2,568,739	-	-
Trade payables and other payables	264,391	1,157,239	264,391	1,157,239	264,391	1,157,239	-	-
Current contract liabilities	15,685	68,654	15,685	68,654	15,685	68,654	-	-
Long-term loans due within a year	46,836	205,000	49,629	217,222	49,629	217,222	-	-
Lease liabilities	68,559	300,083	96,979	424,477	10,055	44,011	86,924	380,466
Long-term loans	920,174	4,027,600	973,333	4,260,282	-	-	973,333	4,260,282
Total	$ 2,342,936	10,255,027	2,436,526	10,664,674	1,376,269	6,023,926	1,060,257	4,640,748

	June 30, 2020							
	Carrying amount		Nominal principal		Within 1 year		Long-term	
	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD
Unsecured loans	$ 504,765	2,115,471	520,634	2,181,980	520,634	2,181,980	-	-
Secured loans	620,147	2,599,035	622,891	2,610,535	622,891	2,610,535	-	-
Trade payables and other payables	327,363	1,371,977	327,363	1,371,977	327,363	1,371,977	-	-
Current contract liabilities	17,893	74,990	17,893	74,990	17,893	74,990	-	-
Lease liabilities	76,335	319,923	107,128	448,978	11,031	46,231	96,097	402,747
Long-term loans	987,020	4,136,000	1,050,297	4,401,795	-	-	1,050,297	4,401,795
Total	$ 2,533,523	10,617,396	2,646,206	11,090,255	1,499,812	6,285,713	1,146,394	4,804,542

The Group is not expecting that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

(Continued)

iii) Interest rate risk

i. Interest rate table

	June 30, 2021			
		CNY	TWD	Average interest rate (%)
Fixed interest rate:				
Time deposits (booked as cash and cash equivalents)	$	51,697	222,762	2.12
Other current financial assets		724,884	3,123,525	2.03
Other non-current financial assets		1,554	6,698	0.24
Bank loans		(1,208,665)	(5,208,137)	1.28
	$	**(430,530)**	**(1,855,152)**	
Variable interest rate:				
Cash and cash equivalents	$	810,695	3,493,283	0.26
Bank loans		(801,336)	(3,452,960)	1.72
	$	**9,359**	**40,323**	

	December 31, 2020			
		CNY	TWD	Average interest rate (%)
Fixed interest rate:				
Time deposits (booked as cash and cash equivalents)	$	71,220	311,730	2.15
Other current financial assets		776,607	3,399,207	2.13
Other non-current financial assets		2,155	9,431	0.18
Bank loans		(1,251,188)	(5,476,451)	1.37
	$	**(401,206)**	**(1,756,083)**	
Variable interest rate:				
Cash and cash equivalents	$	581,363	2,544,624	0.25
Bank loans		(743,112)	(3,252,600)	1.75
	$	**(161,749)**	**(707,976)**	-

(Continued)

	June 30, 2020		
	CNY	TWD	Average interest rate (%)
Fixed interest rate:			
Time deposits (booked as cash and cash equivalents)	$ 27,330	114,539	2.15
Other current financial assets	808,331	3,387,714	2.21
Other non-current financial assets	2,198	9,212	0.30
Bank loans	(1,351,588)	(5,664,506)	1.77
	$ (513,729)	**(2,153,041)**	
Variable interest rate:			
Cash and cash equivalents	$ 369,813	1,549,888	0.26
Bank loans	(760,344)	(3,186,600)	1.79
	$ (390,531)	**(1,636,712)**	

ii. Sensitivity Analysis

The Group's exposure to interest rate risk arises from change in market interest rates that would affect the fair value of financial instruments and future cash flows. The sensitivity analysis is based on the assumption that the amount of loans and liabilities with variable interest rates at the reporting date was outstanding throughout the year and equity is not affected by floating interest rates. If the interest rate had increased or decreased by 100 basis points, the Group's net income would have increased or decreased by CNY14 thousand (TWD61 thousand) and CNY882 thousand (TWD3,696 thousand) for the six months ended June 30, 2021 and 2020, assuming that all other variables remain constant.

The assumption stated above is used as the basis for revaluation of the Group's exposure to interest rate risk deriving from its derivative and non-derivative financial instruments at fair value on the reporting date.

iv) Foreign exchange risk

Financial assets and liabilities that are exposed to foreign exchange risk are as follows:

	Amounts	Rate	CNY	TWD
June 30, 2021				
Financial assets				
USD	$ 21,700	6.4663	140,319	604,633
JPY	1,881,318	0.0585	110,057	474,236
MYR	1,607	1.4947	2,402	10,350
HKD	494	0.8325	411	1,772
Financial liabilities				
USD	129,718	6.4663	838,796	3,614,370
JPY	18,471	0.0585	1,081	4,656
HKD	253	0.8325	211	908

(Continued)

		Amounts	Rate	CNY	TWD
December 31, 2020					
Financial assets					
USD	$	22,194	6.5067	144,411	632,085
JPY		1,465,788	0.0631	92,528	404,997
MYR		2,804	1.5512	4,349	19,038
HKD		5,038	0.8392	4,228	18,505
Financial liabilities					
USD		128,376	6.5067	835,309	3,656,148
JPY		4,171	0.0631	263	1,152
HKD		277	0.8392	232	1,017

		Amounts	Rate	CNY	TWD
June 30, 2020					
Financial assets					
USD	$	17,869	7.0699	126,332	529,458
JPY		4,185,756	0.0656	274,586	1,150,788
MYR		2,687	1.5795	4,244	17,787
HKD		6,490	0.9122	5,920	24,811
Financial liabilities					
USD		133,913	7.0699	946,752	3,967,836
JPY		2,110,894	0.0656	138,475	580,347
HKD		3,013	0.9122	2,748	11,519

If the foreign currencies were to change on the reporting date, the effect on net income and retained earnings would have been as follows:

		Increase(decrease) in net income and retained earnings					
		June 30, 2021		December 31, 2020		June 30, 2020	
		CNY	TWD	CNY	TWD	CNY	TWD
USD							
－CNY appreciation 5%	$	27,939	120,389	27,636	120,963	32,817	137,535
－CNY depreciation 5%		(27,939)	(120,389)	(27,636)	(120,963)	(32,817)	(137,535)
JPY							
－CNY appreciation 5%		(4,359)	(18,783)	(3,691)	(16,154)	(5,444)	(22,818)
－CNY depreciation 5%		4,359	18,783	3,691	16,154	5,444	22,818
Other							
－CNY appreciation 5%		(104)	(449)	(334)	(1,461)	(297)	(1,243)
－CNY depreciation 5%		104	449	334	1,461	297	1,243

The Group’s exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses for cash and cash equivalents, restricted deposits, bank loans, trade and other receivables, and trade and other payables that are denominated in foreign currencies.

(Continued)

A strengthening or weakening of 5% of the CNY and TWD against the USD, JPY or other currencies as of June 30, 2021 and 2020 would have increased or decreased the net income by CNY23,476 thousand (TWD101,157 thousand) and CNY27,076 thousand (TWD113,474 thousand), respectively. The analysis assumes that all other variables remain constant.

The above analysis does not include the exchange differences on translation of foreign financial statements.

v) Fair value information

i. Categories and fair value of financial instruments.

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 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.

Currency: CNY

	June 30, 2021				
		Fair value			
	Book value	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at amortized cost:					
Cash and cash equivalents	$ 864,257	-	-	-	-
Notes receivable, trade receivables and long-term receivables (including related parties)	865,906	-	-	-	-
Other receivables (including related parties)	16,474	-	-	-	-
Other financial assets	725,986	-	-	-	-
Total	**$ 2,472,623**	**-**	**-**	**-**	**-**
Financial liabilities at amortized cost:					
Short-term loans	$ 1,011,403	-	-	-	-
Current contract liabilities	16,396	-	-	-	-
Trade payables, notes payable, and other payables (including related parties)	367,498	-	-	-	-
Long-term loans due within a year	30,197	-	-	-	-
Lease liabilities	66,266	-	-	-	-
Long-term loans	968,401	-	-	-	-
Total	**$ 2,460,161**	**-**	**-**	**-**	**-**

	December 31, 2020				
		Fair value			
	Book value	**Level 1**	**Level 2**	**Level 3**	**Total**
Cash and cash equivalents	$ 654,304	-	-	-	-
Notes receivable, trade receivables and long-term receivables (including related parties)	888,717	-	-	-	-
Other receivables (including related parties)	8,389	-	-	-	-
Other financial assets	778,446	-	-	-	-
Total	**$ 2,329,856**	**-**	**-**	**-**	**-**

(Continued)

	December 31, 2020				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial liabilities at amortized cost:					
Short-term loans	$ 1,027,291	-	-	-	-
Current contract liabilities	15,685	-	-	-	-
Trade payables, notes payable, and other payables (including related parties)	264,391	-	-	-	-
Long-term loans due within a year	46,836	-	-	-	-
Lease liabilities	68,559	-	-	-	-
Long-term loans	920,174	-	-	-	-
Total	**$ 2,342,936**	-	-	-	-

	June 30, 2020				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets at amortized cost:					
Cash and cash equivalents	$ 398,994	-	-	-	-
Notes receivable, trade receivables and long-term receivables (including related parties)	959,459	-	-	-	-
Other receivables (including related parties)	7,883	-	-	-	-
Other financial assets	810,529	-	-	-	-
Total	**$ 2,176,865**	-	-	-	-
Financial liabilities at amortized cost:					
Short-term loans	1,124,912	-	-	-	-
Current contract liabilities	17,893	-	-	-	-
Trade payables, notes payable, and other payables (including related parties)	327,363	-	-	-	-
Lease liabilities	76,335	-	-	-	-
Long-term loans	987,020	-	-	-	-
Total	**$ 2,533,523**	-	-	-	-

(Continued)

Currency: TWD

	June 30, 2021				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets at amortized cost:					
Cash and cash equivalents	$ 3,724,082	-	-	-	-
Notes receivable, trade receivables and long-term receivables (including related parties)	3,731,186	-	-	-	-
Other receivables (including related parties)	70,988	-	-	-	-
Other financial assets	3,128,273	-	-	-	-
Total	**$ 10,654,529**	**-**	**-**	**-**	**-**
Financial liabilities at amortized cost:					
Short-term loans	$ 4,358,137	-	-	-	-
Current contract liabilities	70,651	-	-	-	-
Trade payables, notes payable, and other payables (including related parties)	1,583,550	-	-	-	-
Long-term loans due within a year	130,118	-	-	-	-
Lease liabilities	285,539	-	-	-	-
Long-term loans	4,172,842	-	-	-	-
Total	**$ 10,600,837**	**-**	**-**	**-**	**-**

	December 31, 2020				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets at amortized cost:					
Cash and cash equivalents	$ 2,863,887	-	-	-	-
Notes receivable, trade receivables and long-term receivables (including related parties)	3,889,916	-	-	-	-
Other receivables (including related parties)	36,718	-	-	-	-
Other financial assets	3,407,258	-	-	-	-
Total	**$ 10,197,779**	**-**	**-**	**-**	**-**
Financial liabilities at amortized cost:					
Short-term loans	$ 4,496,451	-	-	-	-
Current contract liabilities	68,654	-	-	-	-
Trade payables, notes payable, and other payables (including related parties)	1,157,239	-	-	-	-
Long-term loans due within a year	205,000	-	-	-	-
Lease liabilities	300,083	-	-	-	-
Long-term loans	4,027,600	-	-	-	-
Total	**$ 10,255,027**	**-**	**-**	**-**	**-**

(Continued)

	June 30, 2020				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets at amortized cost:					
Cash and cash equivalents	$ 1,672,185	-	-	-	-
Notes receivable, trade receivables and long-term receivables (including related parties)	4,021,090	-	-	-	-
Other receivables (including related parties)	33,039	-	-	-	-
Other financial assets	3,396,926	-	-	-	-
Total	$ 9,123,240	-	-	-	-
Financial liabilities at amortized cost:					
Short-term loans	4,714,506	-	-	-	-
Current contract liabilities	74,990	-	-	-	-
Trade payables, notes payable, and other payables (including-related parties)	1,371,977	-	-	-	-
Lease liabilities	319,923	-	-	-	-
Long-term loans	4,136,600	-	-	-	-
Total	$ 10,617,996	-	-	-	-

ii Fair value hierarchy

The table above shows the financial instruments carried at fair value by the levels in the fair value hierarchy. The different levels have been defined as follows:

1) Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.

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

3) Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs).

(w) Capital management

The purpose of capital management for the Group is to sustain future development of business and to maintain investors, creditor and market confidence.

The Group monitors and manages the capital structure periodically in order to strike a balance between investing high-rewards with heavy loans and maintaining stable and safe capital. It adjusts the capital structure based on economic environment.

In order to comply with operating activities, the Group takes net liabilities to capital ratio as means of monitoring capital structure. The Group defines net liabilities as total liabilities minus cash and cash equivalent, restricted deposits and time deposits. The Group's strategy is to keep net liabilities to capital ratio within 100%.

(Continued)

The Group's debt to adjusted capital ratio for the months ended June 30, 2021, December 31 and June 30, 2020 were as follows:

	June 30, 2021 CNY	June 30, 2021 TWD	December 31, 2020 CNY	December 31, 2020 TWD	June 30, 2020 CNY	June 30, 2020 TWD
Total liabilities	$ 2,517,895	10,849,614	2,422,856	10,604,839	2,581,076	10,817,292
Less: Other financial assets	(725,986)	(3,128,273)	(778,446)	(3,407,258)	(810,529)	(3,396,926)
Cash and cash equivalents	(864,257)	(3,724,082)	(654,304)	(2,863,887)	(398,994)	(1,672,185)
Net liabilities	**$ 927,652**	**3,997,259**	**990,106**	**4,333,694**	**1,371,553**	**5,748,181**
Equity	**$ 2,675,162**	**11,527,270**	**2,645,107**	**11,577,634**	**2,493,888**	**10,451,880**
Debt to adjusted capital ratio	**35 %**	**35 %**	**37 %**	**37 %**	**55 %**	**55 %**

The Group has not change nor been requested to change the policies of capital management for the months ended June 30, 2021 and 2020 or the year ended December 31, 2020.

(x) Investing and financing activities not affecting current cash flow

The Group’s investing and financing activities which did not affect the current cash flow for the six months ended June 30, 2021 and 2020 and were as follows:

i) For the conversion of operating leases to right-of-use assets, please refer to notes 6(h).

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

Currency: CNY

			Non-cash changes				
	January 1, 2021	**Cash flow**	**Acquisition**	**Disposal**	**Amortized interest expense**	**Exchange rate movement**	**June 30, 2021**
Short-term borrowings	$ 1,027,291	(10,825)	-	-	-	(5,063)	1,011,403
Long-term borrowings (including due within a year)	967,010	16,162	-	-	-	15,426	998,598
Lease liabilities	68,559	(7,046)	2,615	(581)	651	2,068	66,266
Total liabilities from financing activities	**$ 2,062,860**	**(1,709)**	**2,615**	**(581)**	**651**	**12,431**	**2,076,267**

			Non-cash changes				
	January 1, 2020	**Cash flow**	**Acquisition**	**Disposal**	**Amortized interest expense**	**Exchange rate movement**	**June 30, 2020**
Short-term borrowings	$ 1,407,900	(299,491)	-	-	-	16,503	1,124,912
Long-term borrowings (including due within a year)	805,250	157,019	-	-	-	24,751	987,020
Lease liabilities	77,444	(5,546)	2,580	(171)	788	1,240	76,335
Total liabilities from financing activities	**$ 2,290,594**	**(148,018)**	**2,580**	**(171)**	**788**	**42,494**	**2,188,267**

Currency: TWD

	January 1, 2021	Cash flow	Non-cash changes: Acquisition	Disposal	Amortized interest expense	Exchange rate movement	June 30, 2021
Short-term borrowings	$ 4,496,451	(47,127)	-	-	-	(91,187)	4,358,137
Long-term borrowings (including due within a year)	4,232,600	70,360	-	-	-	-	4,302,960
Lease liabilities	300,083	(30,466)	11,267	(2,503)	2,835	4,323	285,539
Total liabilities from financing activities	**$ 9,029,134**	**(7,233)**	**11,267**	**(2,503)**	**2,835**	**(86,864)**	**8,946,636**

	January 1, 2020	Cash flow	Non-cash changes: Acquisition	Disposal	Amortized interest expense	Exchange rate movement	June 30, 2020
Short-term borrowings	$ 6,061,008	(1,277,929)	-	-	-	(68,573)	4,714,506
Long-term borrowings (including due within a year)	3,466,600	670,000	-	-	-	-	4,136,600
Lease liabilities	333,389	(23,407)	10,817	(728)	3,356	(3,504)	319,923
Total liabilities from financing activities	**$ 9,860,997**	**(631,336)**	**10,817**	**(728)**	**3,356**	**(72,077)**	**9,171,029**

(7) Related party transactions

(a) The ultimate parent company

The Company is the ultimate controlling party of the Group.

(b) Names and relationship with related parties

Names of the related parties	Relationships between its parent company
FORMOSA Optical Technology Co., Ltd. (FORMOSA)	Has significant influence on the Group
Pao Lien Optical Co., Ltd. (Pao Lien)	Other related parties
Kobayashi Optical Co., Ltd. (Kobayashi)	Other related parties
GRACE WAY ENTERPRISE Co., Ltd. (GRACE WAY)	Other related parties
Jiangsu East Optics Co., Ltd. (Jiangsu East)	Other related parties
Shanghai Jusheng Optics Co., Ltd. (Jusheng)	Other related parties
Sunder Biomedical Tech Co., Ltd. (Sunder)	Other related parties
JIANGSU SUNDEX BIO-TECH Co., Ltd. (SUNDEX)	Other related parties
Lian Chan Precision Co., Ltd. (Lian Chan)	Other related parties
Bsmo Co., Ltd. (Bsmo)	Other related parties
Tadashi Shimizu	Other related parties

(Continued)

(c) Significant transactions with related parties

i) Revenue

The amounts of significant sales transactions between the Group and related parties were as follows:

	For the three months ended June 30, 2021 CNY	2021 TWD	2020 CNY	2020 TWD
Other related parties - Pao Lien	$ 20,611	88,906	27,084	113,546
Other related parties - Kobayashi	4,172	18,010	4,511	18,928
	$ **24,783**	**106,916**	**31,595**	**132,474**

	For the six months ended June 30, 2021 CNY	2021 TWD	2020 CNY	2020 TWD
Other related parties - Pao Lien	$ 56,953	247,943	64,984	276,878
Other related parties - Kobayashi	11,007	47,920	10,429	44,434
	$ **67,960**	**295,863**	**75,413**	**321,312**

The terms and pricing of sales transactions with related parties were not significantly different from those provided to third parties. The price is determined by the regional economic environment and the market competition.

ii) Purchases from related parties

	For the three months ended June 30, 2021 CNY	2021 TWD	2020 CNY	2020 TWD
Other related parties-Lian Chan	$ 1,529	6,626	1,217	5,101
Other related parties-SUNDEX	10,259	44,538	6,662	28,100
	$ **11,788**	**51,164**	**7,879**	**33,201**

	For the six months ended June 30, 2021 CNY	2021 TWD	2020 CNY	2020 TWD
Other related parties-Lian Chan	$ 2,782	12,110	2,987	12,727
Other related parties-SUNDEX	15,728	68,473	12,526	53,371
	$ **18,510**	**80,583**	**15,513**	**66,098**

The terms and pricing of purchase transactions with related parties were not significantly different from those offered by other vendors. The payment terms ranged from two to three months, which are not significantly different from the payment terms given by other vendors.

(Continued)

iii) Lease from related parties

i. Rental expense

	For the three months ended June 30,			
	2021		2020	
	CNY	TWD	CNY	TWD
Entity with significant influence over the Group-FORMOSA	$ 297	1,285	305	1,285
Other related parties-GRACE WAY	1,169	5,060	965	4,043
Other related parties-Bsmo	-	-	44	182
	$ 1,466	6,345	1,314	5,510

	For the six months ended June 30,			
	2021		2020	
	CNY	TWD	CNY	TWD
Entity with significant influence over the Group-FORMOSA	$ 591	2,571	603	2,571
Other related parties-GRACE WAY	2,337	10,172	2,381	10,145
Other related parties-Bsmo	-	-	86	364
	$ 2,928	12,743	3,070	13,080

For the six months ended June 30, 2021 and 2020, the Group recognized CNY98 thousand (TWD425 thousand) and CNY206 thousand (TWD877 thousand) as interest expense, respectively. As of June 30, 2021, December 31 and June 30, 2020, the balance of lease liabilities amounted to CNY4,072 thousand (TWD17,547 thousand), CNY6,913 thousand (TWD30,257 thousand) and CNY9,900 thousand (TWD41,491 thousand), respectively.

Lease deposits and refundable deposits for the lease contracts or amendments to the lease contract are listed in other receivables from related parties; please see below for further details.

ii. Refundable deposits

	June 30, 2021		December 31, 2020		June 30, 2020	
	CNY	TWD	CNY	TWD	CNY	TWD
Entity with significant influence over the Group	$ 162	700	160	700	167	700

iv) Receivables from related parties

The receivables from related parties of the Group were as follows:

Account	Classification of related parties	June 30, 2021 CNY	June 30, 2021 TWD	December 31, 2020 CNY	December 31, 2020 TWD	June 30, 2020 CNY	June 30, 2020 TWD
Trade receivables from related parties	Other related parties-Pao Lien	$ 16,071	69,247	21,202	92,802	22,188	92,988
	Other related parties-Kobayashi	4,141	17,843	5,074	22,205	4,774	20,008
		$ 20,212	87,090	26,276	115,007	26,962	112,996

Account	Classification of related parties	June 30, 2021 CNY	June 30, 2021 TWD	December 31, 2020 CNY	December 31, 2020 TWD	June 30, 2020 CNY	June 30, 2020 TWD
Other receivables from related parties	Entity with significant influence over the Group-FORMOSA	$ 162	700	160	700	167	700
	Other related parties-SUNDEX	24	104	18	80	18	75
		$ 186	804	178	780	185	775

The other receivables - related parties mainly comprise lease deposits, property management fees, advertising and event expense, and income derived from delivery on behalf of the Group.

v) Payables to related parties

The payables to related parties of the Group were as follows:

Account	Classification of related parties	June 30, 2021 CNY	June 30, 2021 TWD	December 31, 2020 CNY	December 31, 2020 TWD	June 30, 2020 CNY	June 30, 2020 TWD
Trade payables	Other related parties Lian Chan	$ 2,229	9,605	1,872	8,194	2,185	9,158
	Other related parties SUNDEX	9,725	41,904	10,471	45,743	13,294	55,713
		$ 11,954	51,509	12,343	53,937	15,479	64,871

Account	Classification of related parties	June 30, 2021 CNY	June 30, 2021 TWD	December 31, 2020 CNY	December 31, 2020 TWD	June 30, 2020 CNY	June 30, 2020 TWD
Other payables	Other related parties	$ 152	656	2,996	13,115	3,131	13,122

The other payables to related parties mainly comprise advertising and sponsorship fees, and trading fees between related parties.

(d) Compensation of key management personnel

The compensation to the key management personnel was as follows:

	For the three months ended June 30, 2021		2020	
	CNY	TWD	CNY	TWD
Short-term employee benefits	$ 1,289	5,561	1,309	5,462

	For the six months ended June 30, 2021		2020	
	CNY	TWD	CNY	TWD
Short-term employee benefits	$ 3,520	15,323	3,639	15,505

(8) Pledged assets

The carrying values of pledged assets were as follows:

		June 30, 2021		December 31, 2020		June 30, 2020	
Name of pledged assets	**Subject of pledged assets**	**CNY**	**TWD**	**CNY**	**TWD**	**CNY**	**TWD**
Restricted deposits (booked as other current financial assets)	Short-term loan	$ 583,884	2,515,956	577,472	2,527,593	629,001	2,636,142
Trade receivables (note 1)	Short-term loan	9,000	38,781	-	-	-	-
Building (booked as property, plant and equipment)	Long-term and Short-term loans	440,942	1,900,019	438,776	1,920,523	458,595	1,921,972
Machinery (booked as property, plant and equipment)	Short-term loans	104,626	450,833	111,543	488,224	126,055	528,297
Right-of-use assets	Short-term loans	15,765	67,931	15,986	69,969	16,207	67,922
Restricted deposits (booked as other non-current assets)	Long-term loans	1,102	4,748	1,709	7,482	1,733	7,265
Restricted deposits (booked as other non-current assets)	Public utility guarantee	452	1,950	446	1,950	465	1,950
		$ 1,155,771	4,980,218	1,145,932	5,015,741	1,232,056	5,163,548

Note 1: The trade receivables from related parties are factored to banks; however, this balance is eliminated in the consolidated financial statements.

(9) Commitments and contingencies

Unrecognized contractual commitments are as follows:

	June 30, 2021		December 31, 2020		June 30, 2020	
	CNY	TWD	CNY	TWD	CNY	TWD
Signed contracts for capital expenditure	$ 138,755	604,070	40,680	174,176	29,076	123,884

(10) Losses due to major disasters: None.

(11) Subsequent events

On May 7, 2021, the Board of Directors approved to reduce capital of Yung Sheng Japan to cover accumulated deficits of JPY90,000 thousand. Then, Master Harvest increased capital of JPY140,000 thousand (14,000 shares) into Yung Sheng Japan, rising the shareholding ratio from 70% to 88.26%. The capital increase procedure was completed on July 15, 2021.

(12) Others

(a) The employee benefits, depreciation, depletion and amortization expenses categorized by function, were as follows:

Currency: CNY thousand

By function / By nature	Three-month period ended June 30, 2021			Three-month period ended June 30, 2020		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	57,582	23,366	80,948	55,815	23,675	79,490
Labor and health insurance	5,532	1,757	7,289	4,774	1,797	6,571
Pension	4,031	2,385	6,416	1,829	1,422	3,251
Others	7,532	3,221	10,753	7,606	2,568	10,174
Depreciation	42,700	7,416	50,116	41,569	8,894	50,463
Amortization	7	95	102	-	366	366

Currency: TWD thousand

By function / By nature	Three-month period ended June 30, 2021			Three-month period ended June 30, 2020		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	249,474	101,207	350,681	235,398	99,661	335,059
Labor and health insurance	23,970	7,617	31,587	20,080	7,582	27,662
Pension	17,496	10,355	27,851	7,670	5,999	13,669
Others	32,655	13,925	46,580	32,007	10,813	42,820
Depreciation	184,939	32,123	217,062	175,122	37,483	212,605
Amortization	30	398	428	-	1,543	1,543

(Continued)

Currency : CNY thousand

Function / Account	For the six months ended June 30, 2021			For the six months ended June 30, 2020		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Employee benefit						
Salary	111,027	46,240	157,267	105,156	48,432	153,588
Health and labor insurance	10,530	3,188	13,718	10,114	3,319	13,433
Pension	6,370	3,647	10,017	4,341	2,657	6,998
Others	13,495	7,519	21,014	15,777	5,194	20,971
Depreciation	85,220	14,625	99,845	82,272	17,435	99,707
Amortization	7	717	724	-	727	727

Currency: TWD thousand

Function / Account	For the six months ended June 30, 2020			For the six months ended June 30, 2020		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Employee benefit						
Salary	483,356	201,306	684,662	448,038	206,354	654,392
Health and labor insurance	45,842	13,879	59,721	43,093	14,141	57,234
Pension	27,732	15,877	43,609	18,496	11,321	29,817
Others	58,750	32,734	91,484	67,221	22,130	89,351
Depreciation	371,008	63,670	434,678	350,536	74,289	424,825
Amortization	30	3,120	3,150	-	3,099	3,099

(b) Other items

Our subsidiary-Yungsheng Corporation applied for the lease of land from Central Taiwan Science Park Bureau, and was approved to lease the land at Zone 2 of Chising site in Houli Science Park. However, considering the severe impact of the COVID-19, the corporation applied and was accepted by the Bureau to postpone the lease starting date to September 1, 2021. Upon extending the starting date, the Bureau can withdraw the approval according to the regulation.

(13) Other disclosures

(a) Related information of material transaction

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

i) Loans to other parties：

Unit: TWD thousand

Number	Company	Loan objects	Accounts	Related party	The highest balance this period	Ending balance (Note 4)	Actual used balance this period	Interest rate period	Property (Note 3)	Transaction amounts	Necessary reason for short-term finance	Allowance for doubtful accounts	Pledged		The limit of each loan object (Note 1)	The limit of total loan objects (Note 2)
													name	value		
0	Ginko International Ltd.	Prosper International Ltd.	Other receivables from related parties	Y	202,523 (CNY47,000)	202,523 (CNY47,000)	-	1.500 %	2	-	Operating Capital	-	-	-	4,615,210	4,615,210
0	Ginko International Ltd.	Horien Optic (Malaysia) Sdn Bhd.	Other receivables from related parties	Y	39,840	39,840	-	0.755 %	2	-	Operating Capital	-	-	-	4,615,210	4,615,210
5	Master Harvest Global Ltd.	Uni-Beauty Co., Ltd.	Other receivable from related parties	N	15,000 (USD59,500)	15,000 (USD59,500)	-	1.300 %	2	-	Operating Capital	-	-	-	69,934	69,934
5	Master Harvest Global Ltd.	Yung sheng Optical Japan Co., Ltd.	Other receivables from related parties	Y	56,294 (JPY223,300)	41,294 (JPY163,800)	41,294 (JPY163,800)	1.800 %	2	-	Operating Capital	-	-	-	69,934	69,934

Note 1：According to the loan operating procedure, if the counterparty is a 100% owned overseas subsidiary, owned directly or indirectly, by the Group, the loan is not limited to 40% of the net worth of the Group.
Note 2：The total loan limit to all parties of the Group should not exceed 40% of the Group's net worth.
Note 3：Nature of financing loans:
According to the table 5-1 of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the rules of the Market Observation Post System, " 1" means a business relationship exists between the parties"2"means the need for short-term financing.
Note 4：The ending balance and still valid financing loan amount for the period.

ii) Guarantees and endorsements for other parties：

Unit: TWD thousand

Number	Guarantee company	Guaranteed objects		The limit of endorsement to single company (Note 1)	The highest balance of endorsement this period	Balance of endorsement at the end	Actual used amounts	Amounts of endorsement with pledged assets	Accumulated guarantee deposit of endorsement to net value of recent financial statement ratio	The highest amount of endorsement (Note 2)	Parent-to-subsidiary endorsement	Subsidiary – to-parent endorsement	Endorsement to China area
		Company	Relation (Note 3)										
0	Ginko International Co., Ltd.	Yung Sheng Optical Co., Ltd	2	11,538,025	4,800,000	4,800,000	3,650,000	-	41.60 %	11,538,025	Y	N	N
0	Ginko International Co., Ltd.	Haichang Contact Lens Co., Ltd.	3	11,538,025	835,800 (USD30,000)	557,200 (USD20,000)	204,354 (USD7,335)	-	4.83 %	11,538,025	Y	N	Y
1	Haichang Contact Lens Co., Ltd.	Horien Optic (Malaysia) Sdn Bhd.	4	10,742,107	1,393	1,393	1,393	-	0.01 %	10,742,107	Y	N	N
1	Haichang Contact Lens Co., Ltd.	Ginko International Co., Ltd.	4	10,742,107	2,507,400 (USD90,000)	2,507,400 (USD90,000)	2,117,360 (USD76,000)	-	23.34 %	10,742,107	N	Y	N

(Continued)

Number	Guarantee company	Guaranteed objects: Company	Guaranteed objects: Relation (Note 3)	The limit of endorsement to single company (Note 1)	The highest balance of endorsement this period	Balance of endorsement at the end	Actual used amounts	Amounts of endorsement with pledged assets	Accumulated guarantee deposit of endorsement to net value of recent financial statement ratio	The highest amount of endorsement (Note 2)	Parent-to-subsidiary endorsement	Subsidiary – to-parent endorsement	Endorsement to China area
2	Jiangsu Horien Contact Lens Co., Ltd.	Yung Sheng Optical Co., Ltd	4	4,643,396	405,000	-	-	-	- %	4,643,396	N	N	N
2	Jiangsu Horien Contact Lens Co., Ltd.	Haichang Contact Lens Co., Ltd.	4	4,643,396	754,075 (CNY175,000)	732,530 (CNY170,000)	301,630 (CNY70,000)	-	16.12 %	4,643,396	N	Y	Y

Note 1：According to the guarantee operating procedure of each entity, guarantees provided to a single entity is limited to 20% of the entity's net worth. However, if the counterparty is a 100% owned subsidiary, owned directly or indirectly, by the Group, the guarantee provided is limited to less than 100% of each entity's net worth.

Note 2：According to the guarantee operating procedure of each entity, the total amount of the endorsement/guarantee provided by each subsidiary shall not exceed 50% of each subsidiary's net worth.

Note 3：Relationship between the guarantor and the guaranteed party:

"1" The entity with which it has business relations.

"2" Subsidiaries in which the entity holds more than 50% of its total outstanding common shares, directly or indirectly..

"3" The entities in which the parent company and the subsidiary together hold more than 50% of its outstanding common shares.

"4" The parent company which holds, directly or indirectly through a subsidiary, more than 90% of its outstanding common shares.

"5" Companies in the same type of business and providing mutual endorsements/ guarantees in favor of each other in accordance with the contractual obligations in order to fulfill the needs of the construction project.

"6" Shareholders making endorsements and/or guarantees for their mutually invested company in proportion to their shareholding percentage.

"7" Companies in the same industry associated with the Customer Protection Act for presale housing deposit guarantee.

Note 4：According to the guarantee operating procedure, the Group and its subsidiaries' guarantee aggregated amount is limited to a hundred percent of the Group's net worth.

iii) Condition of holding securities in ending period (excluded investment in subsidiary, investment in associates and part of joint control): None.

iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of TWD300 million or 20% of the capital stock: None.

v) Acquisition of individual real estate with amount exceeding the lower of TWD300 million or 20% of the capital stock: None.

vi) Disposal of individual real estate with amount exceeding the lower of TWD300 million or 20% of the capital stock: None.

vii) Related-party transactions for purchases and sales with amounts exceeding the lower of TWD100 million or 20% of the capital stock：

Unit: TWD thousand

Company	Transaction object	Relationship	Condition of transaction: (Merchandise (sell)	Condition of transaction: Amounts	Condition of transaction: Total merchandise (sell) ratio%	Condition of transaction: Credit period	The reason and condition of difference between condition and normal transaction: Price per unit	The reason and condition of difference between condition and normal transaction: Credit period	Trade and Notes receivables (payables): Balance (Note 2)	Trade and Notes receivables (payables): Total notes and trade receivable (payable) ratio %	Note
Haichang Contact Lens Co., Ltd.	Shanghai Horien Contact Lens Optical Co., Ltd	Subsidiary	(sell)	815,567	18.57	300 days	-	Note 1	2,261,408	57.41	
Jiangsu Horien Contact Lens Co., Ltd.	Haichang Contact Lens Co., Ltd.	Subsidiary	(sell)	462,546	10.53	300 days	-	Note 1	2,720,956	69.07	
Yung Sheng Optical Co., Ltd.	Pao Lien Optical Co., Ltd.	Affiliated company	(sell)	247,943	5.64	40 days	-		69,247	1.76	

Note 1：The payment is adjusted according to capital management.

Note 2：The transactions within the Group, excluding related parties, are eliminated in the consolidated financial statements.

(Continued)

viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of capital stock：

Unit: TWD thousand

Company	Transaction objects	Relationship	Balance of trade receivables from related parties (Note 3)	Turnover rate	Overdue trade receivables from related parties		Recover of trade receivables from related parties after the period	Recognize allowance for doubtful accounts
					Amounts	Way of handle		
Haichang Contact Lens Co., Ltd.	Shanghai Horien Contact Lens Optical Co., Ltd	Subsidiary	2,261,408	0.76	732,974	Note 1	473,990	Note 2
Jiangsu Horien Contact Lens Co., Ltd.	Haichang Contact Lens Co., Ltd.	Subsidiary	2,720,956	0.34	1,984,859	Note 1	94,798	Note 2
Yung Sheng Optical Co., Ltd.	Shanghai Fushiyuan Contact Lens Co., Ltd.	Subsidiary	260,971	1.78	-	Note 1	22,117	Note 2
Yung Sheng Optical Co., Ltd.	Yung sheng Optical Japan Co., Ltd.	Subsidiary	184,786	1.34	-	Note 1	21,503	Note 2
Yung Sheng Optical Co., Ltd.	Haichang Contact Lens Co., Ltd.	Subsidiary	153,420	2.34	-	Note 1	31,611	Note 2
Yung Sheng Optical Co., Ltd.	Asiastar Co., Ltd.	Subsidiary	109,585	0.63	-	Note 1	11,907	Note 2

Note 1：The payment is adjusted according to capital management.
Note 2：After evaluation, no allowance for doubtful accounts were needed.
Note 3：The transactions within the Group are eliminated in the consolidated financial statements.

ix) Trading in derivative instruments: None.

x) The condition of business relationship and of material transaction between parent and subsidiaries:

Unit: TWD thousand

Number	Name	Objects	Relationship with trader (Note 2)	Condition of transaction in 2019			
				Accounts	Amounts	Transaction condition	To total revenue or to total assets ratio
1	Haichang Contact Lens Co., Ltd.	Shanghai Horien Contact Lens Optical Co., Ltd	1	Sales	815,567	Note 1	18.57 %
1	Haichang Contact Lens Co., Ltd.	Shanghai Horien Contact Lens Optical Co., Ltd	1	Trade receivables	2,261,408	Note 1	10.11 %
1	Haichang Contact Lens Co., Ltd.	Shanghai Fushiyuan Contact Lens Co., Ltd.	1	Sales	8,607	Note 1	0.20 %
1	Haichang Contact Lens Co., Ltd.	Shanghai Fushiyuan Contact Lens Co., Ltd.	1	Trade receivables	9,626	Note 1	0.04 %
2	Jiangsu Horien Contact Lens Co., Ltd.	Haichang Contact Lens Co., Ltd.	3	Sales	462,546	Note 1	10.53 %
2	Jiangsu Horien Contact Lens Co., Ltd.	Haichang Contact Lens Co., Ltd.	3	Trade receivables	2,720,956	Note 1	12.16 %
3	Yung Sheng Optical Co., Ltd.	Haichang Contact Lens Co., Ltd.	3	Sales	201,216	Note 2	4.58 %
3	Yung Sheng Optical Co., Ltd.	Haichang Contact Lens Co., Ltd.	3	Trade receivables	153,420	Note 2	0.69 %
3	Yung Sheng Optical Co., Ltd.	Yung sheng Optical Japan Co., Ltd.	3	Sales	149,018	Note 2	3.39 %
3	Yung Sheng Optical Co., Ltd.	Yung sheng Optical Japan Co., Ltd.	3	Trade receivables	184,786	Note 2	0.83 %
3	Yung Sheng Optical Co., Ltd.	Shanghai Fushiyuan Contact Lens Co., Ltd.	3	Sales	198,997	Note 2	4.53 %
3	Yung Sheng Optical Co., Ltd.	Shanghai Fushiyuan Contact Lens Co., Ltd.	3	Trade receivables	260,971	Note 2	1.17 %
3	Yung Sheng Optical Co., Ltd.	Horien Optic (Malaysia) Sdn Bhd	3	Sales	7,262	Note 2	0.17 %
3	Yung Sheng Optical Co., Ltd.	Horien Optic (Malaysia) Sdn Bhd	3	Trade receivables	66,580	Note 2	0.30 %
3	Yung Sheng Optical Co., Ltd.	Haichang International Ltd.	3	Sales	2,631	Note 2	0.06 %

(Continued)

Number	Name	Objects	Relationship with trader (Note 2)	Condition of transaction in 2019			
				Accounts	Amounts	Transaction condition	To total revenue or to total assets ratio
3	Yung Sheng Optical Co., Ltd.	Haichang International Ltd.	3	Trade receivables	36,917	Note 2	0.16 %
3	Yung Sheng Optical Co., Ltd.	Asiastar Co., Ltd.	3	Sales	45,518	Note 2	1.04 %
3	Yung Sheng Optical Co., Ltd.	Asiastar Co., Ltd.	3	Trade receivables	109,585	Note 2	0.49 %
3	Yung sheng Optical Japan Co., Ltd.	Uni-Beauty Co., Ltd.	3	Sales	5,553	Note 2	0.13 %
3	Yung Sheng Optical Co., Ltd.	Uni-Beauty Co., Ltd.	3	Trade receivables	9,689	Note 2	0.04 %
3	Yung Sheng Optical Co., Ltd.	Ginko International Co., Ltd.	2	Other receivables	6,885	Note 1	0.03 %
5	Master Haryest Global Ltd.	Yung Sheng Optical Japan Co., Ltd.	3	Other receivables	41,294	Note 1	0.18 %

Note 1：The Group does not have similar transactions with third-party customers, and therefore there is no comparable information. The transactions within the Group are eliminated in the consolidated financial statements.
Note 2：The selling price and trading terms between subsidiaries are based on the market competition and economic environment in which each entity operates. The selling price and trading terms are not significantly different from those with third parties and are all eliminated in the consolidated financial statements.
Note 3：The number represents the following:
1.Parent to subsidiary
2. Subsidiary to parent
3. Subsidiary to subsidiary

(b) Related information on reinvestment：

The Group's information on investees (excluding investees in Mainland China) for the six months ended June 30, 2021 was as follows:

Unit: TWD thousand/thousand shares

Investor	Investee	Location	Main operation	Original investment amounts		Holding in ending period			Investee's net income or losses	Recognized investment gain or losses	Note
				Ending this year	Ending last year	shares	rate	carrying amount			
Ginko International Co., Ltd.	Prosper Link International Ltd.	British Virgin Islands	Investment control	83,328 (USD2,760)	83,328 (USD2,760)	5,560	100.00 %	15,288,635	748,140	748,140	
Ginko International Co., Ltd.	Yung Sheng Optical Co., Ltd.	Taiwan	Research, manufacture and distribution of contact lenses and lens care solution	1,600,000	1,600,000	160,000	100.00 %	3,530,199	(43,590)	(77,568)	
Prosper Link International Ltd.	Haichang International Ltd.	Hong Kong	Investment control and sale of contact lenses and lens care solution	80,883 (HKD21,000)	80,883 (HKD21,000)	2,100	100.00 %	15,490,356	749,397	749,397	
Haichang Contact Lens Co., Ltd.	Gain Bless Management Ltd.	British Virgin Islands	Investment control	37,449 (USD1,150)	37,449 (USD1,150)	1,150	100.00 %	24,195	(2,429)	(2,429)	
Gain Bless Management Ltd.	Horien Optic (Malaysia) Sdn Bhd	Malaysia	Sale of contact lenses and lens care solution	32,053 (USD971)	32,053 (USD971)	1,750	70.00 %	19,151	(2,436)	(2,436)	
Yung Sheng Optical Co., Ltd.	Master Harvest Global Ltd.	Anguilla	Investment control	309,027 (USD10,000)	309,027 (USD10,000)	10,000	100.00 %	165,508	(11,406)	(11,406)	
Yung Sheng Optical Co., Ltd.	Asiastar Co., Ltd.	Taiwan	Sale of contact lenses and lens care solution	32,000	-	100	100.00 %	19,147	(10,544)	(12,853)	

Investor	Investee	Location	Main operation	Original investment amounts Ending this year	Ending last year	Holding in ending period shares	rate	carrying amount	Investee's net income or losses	Recognized investment gain or losses	Note
Master Harvest Global Ltd.	Yung sheng Optical Japan Co., Ltd.	Japan	Sale of contact lenses and lens care solution	20,192 (JPY63,700)	20,192 (JPY63,700)	6,300	70.00 %	(26,081)	2,800	1,960	
Master Harvest Global Ltd.	Uni-Beauty Co., Ltd.	Japan	Sale of contact lenses and lens care solution	78,910 (JPY290,000)	78,910 (JPY290,000)	29,000	100.00 %	8,518	(6,292)	(6,292)	

(c) Information on investment in Mainland China：

i) The names of investees in Mainland China, the main businesses and products, and other information：

Unit:TWD thousand

Investee in China	Main operation items	Capital	Investment way	Beginning accumulated invest-remitting amount from Taiwan this period	Remittance or withdraw investment during the period Remittance	Withdraw	Ending accumulated invest-remitting amount from Taiwan this period	Investee's net income	The Company 's holding ratio of direct or indirect investment	Recognized gain or losses	Ending carrying amount	Investment gain remitted back as of the end
Haichang Contact Lens Co., Ltd	Research, manufacture and distribution of contact lenses and lens care solution	1,984,379 (USD66,319)	(Note 1)	111,152	-	-	111,152	554,556	100.00 %	554,556	10,742,107	2,066,955
Jiangsu Horien Contact Lens Co., Ltd.	Research and manufacture of contact lenses and lens care solution	72,090 (CNY15,000)	(Note 1) (Note 2)	9,610	-	-	9,610	151,026	100.00 %	151,026	4,643,396	-
Shanghai Horien Contact Lens Optical Co., Ltd	Distribution of contact lenses and lens care solution	380,020 (CNY75,000)	(Note 2)	-	-	-	-	49,907	100.00 %	49,907	237,580	-
Shanghai Fushiyuan Contact Lens Co., Ltd.	Distribution of contact lenses and lens care solution	113,620 (CNY25,000)	(Note 2)	-	-	-	-	(19,762)	100.00 %	(19,762)	324,759	-

Note 1：Investments are conducted through remittance from off-shore subsidiaries.
Note 2：Investments are generated from Haichang Contact Lens Co., Ltd.'s own capital.
Note 3：Investment profit or losses were recognized under equity method and based on the financial report audited by international accounting firms cooperating with ROC accounting firms.

ii) Limitation on investment in Mainland China：

Unit: TWD thousand

Ending accumulated amounts of China investment from Taiwan this period	Investment amounts approved by Investment Commission, MOEA	China investment limit according to Investment Commission, MOEA
120,762	120,762	Note 1

Note 1： Primary listing by a foreign issuer on the TPEx in Taiwan is not subject to the limitation of directly or indirectly investing in Mainland China and is not subject to the accumulated investment amount authorized by the Investment Commission, MOEA.

iii) Please refer to Note 13(a) x for material transaction between subsidiary in China.

(d) Major shareholders:

Shareholding Shareholder’s Name	Shares	Percentage
Hydron International Co., Ltd.	27,614,614	28.44 %
New Path International Co., Ltd.	17,853,399	18.39 %

(14) Segment Information

General information

The Group only has one reportable segment, which is its operating segment. This segment is mainly involved in developing, manufacturing and distributing contact lenses and contact lens care solutions. The operating segment accounting policies are the same as those described in the summary of significant accounting policies. The profit and loss of the operating segment is measured by operating profit and loss before tax, and it has been used as the basis for assessing performance. The Group's segments for revenue, profit and loss, and total asset information are the same as the consolidated financial report. For relevant information, please refer to the consolidated balance sheets and the consolidated statements of comprehensive income.

(15) Total difference illustration between IFRS and the IFRS approved by Financial Supervisory Commission R.O.C

There are some differences between IFRS and the IFRS approved by the Financial Supervisory Commission R.O.C on certain aspects. However, the difference has no material effect on the Group’s consolidated balance sheets on June 30, 2021, December 31 and June 30, 2020 or the consolidated statements of comprehensive income, consolidated statements of changes in equity and the consolidated statements of cash flow for three months ended June 30, 2021 and 2020.