ITEQ Corporation

Financial Statements for the Years Ended December 31, 2020 and 2019 and Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
ITEQ Corporation

Opinion

We have audited the accompanying financial statements of ITEQ Corporation (the "Company"), which comprise the balance sheets as of December 31, 2020 and 2019, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and 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 Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the 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 for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Assessment of Inventory

The inventory of the Company is susceptible to price fluctuations and obsolescence due to changes in demand for finished goods and raw materials caused by price fluctuations in the market. Management estimated the allowance for impairment loss of inventory based on its historical stock sales, and market conditions may also influence management's estimation of the allowance for impairment loss of inventory. Therefore, we identified inventory as a key audit matter. Refer to Notes 5 and 8 to the financial statements for disclosures on the relevant accounting estimates and uncertainties and other detailed information.

The audit procedures that we performed for inventory were as follows:

1. We obtained an understanding the design and implementation of the internal control related to inventory, which included the evaluation of the impairment and obsolescence of inventory which were recognized and approved by management.

2. We selected samples from the year-end inventory record details and verified the purchase price of raw materials or sales price of inventories and we recalculated the net realizable value to confirm the correctness of its calculation. We took samples and compared the net realizable value of inventories with their carrying amount to assess the reasonableness of the inventory impairment provisions.

3. We obtained and verified the slow-moving inventory and the aging report of inventory in detail, analyzed the differences between the current and prior years, and we recalculated the impairment of obsolete inventory to confirm the correctness of its calculation.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee and supervisors, are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 financial statements.

As part of an audit in accordance with the 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 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 Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the company 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 financial statements for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' 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 audits resulting in this independent auditors' report are Chen-Hsiu Yang and Po-Jen Weng.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 23, 2021

<u>Notice to Readers</u>

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

For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

ITEQ CORPORATION

BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020		2019	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	$ 402,393	2	$ 477,516	3
Accounts receivable and notes receivable, net (Note 7)	476,924	3	712,893	4
Accounts receivable - related parties (Note 25)	821,909	4	1,033,603	6
Other receivables (Note 24)	54,544	-	177,667	1
Other receivables - related parties (Note 25)	313,395	2	329,855	2
Current tax assets (Note 20)	753	-	-	-
Inventories, net (Note 8)	663,709	4	721,045	5
Other current assets	9,846	-	6,737	-
Total current assets	2,743,473	15	3,459,316	21
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Note 9)	10,000	-	-	-
Investment accounted for using the equity method (Note 10)	14,668,632	79	11,889,401	71
Property, plant and equipment (Note 11)	543,675	3	694,635	4
Right-of-use assets (Notes 12 and 25)	229,848	1	258,025	2
Deferred tax assets (Note 20)	149,794	1	183,442	1
Prepayments for equipment	29,759	-	11,909	-
Other non-current assets (Notes 13, 16 and 25)	144,218	1	139,619	1
Total non-current assets	15,775,926	85	13,177,031	79
TOTAL	$ 18,519,399	100	$ 16,636,347	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 14)	$ 1,390,000	8	$ 3,070,000	18
Short-term bills payable, net (Note 14)	49,985	-	389,819	2
Accounts payable and notes payable	546,510	3	1,478,737	9
Accounts payable - related parties (Note 25)	265,200	1	161,342	1
Other payables	482,545	3	427,124	3
Other payables - related parties (Note 25)	15,467	-	550	-
Current tax liabilities (Note 20)	-	-	95,601	1
Provisions - current (Note 15)	-	-	3,420	-
Lease liabilities - current (Notes 12 and 25)	27,347	-	26,695	-
Current portion of long-term borrowings (Note 14)	88,235	1	117,647	1
Other current liabilities	60,126	-	62,103	-
Total current liabilities	2,925,415	16	5,833,038	35
NON-CURRENT LIABILITIES				
Long-term borrowings, net of current portion (Note 14)	1,640,000	9	1,288,235	8
Deferred tax liabilities (Note 20)	358,118	2	361,821	2
Lease liabilities - non-current (Notes 12 and 25)	197,015	1	223,130	1
Guarantee deposits received	5,197	-	4,592	-
Total non-current liabilities	2,200,330	12	1,877,778	11
Total liabilities	5,125,745	28	7,710,816	46
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 17)				
Share capital	3,329,572	18	3,029,572	18
Capital surplus	3,682,051	20	653,239	4
Retained earnings				
Legal reserve	1,618,630	9	1,372,300	8
Special reserve	583,390	3	205,680	1
Unappropriated earnings	4,624,947	25	4,248,130	26
Total retained earnings	6,826,967	37	5,826,110	35
Other items in equity	(444,936)	(3)	(583,390)	(3)
Total equity	13,393,654	72	8,925,531	54
TOTAL	$ 18,519,399	100	$ 16,636,347	100

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

ITEQ CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 18 and 25)	$ 5,218,052	100	$ 5,024,371	100
COST OF GOODS SOLD (Notes 8, 19 and 25)	4,627,289	89	4,242,597	84
GROSS PROFIT	590,763	11	781,774	16
UNREALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES	(25,276)	-	(40,898)	(1)
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES	40,898	1	7,561	-
REALIZED GROSS PROFIT	606,385	12	748,437	15
OPERATING EXPENSES (Notes 19 and 25)				
Selling and marketing expenses	124,371	2	100,838	2
General and administrative expenses	445,908	9	368,529	8
Research and development expenses	238,299	5	213,238	4
Expected credit loss (gain)	(1,815)	-	1,214	-
Total operating expenses	806,763	16	683,819	14
PROFIT (LOSS) FROM OPERATIONS	(200,378)	(4)	64,618	1
NON-OPERATING INCOME AND EXPENSES				
Other income (Notes 19 and 25)	53,519	1	34,802	1
Finance costs (Notes 19 and 25)	(35,548)	-	(51,882)	(1)
Other gains and losses (Note 19)	(55,159)	(1)	(36,890)	(1)
Share of the profit of subsidiaries (Note 10)	2,937,055	56	2,551,923	51
Total non-operating income and expenses	2,899,867	56	2,497,953	50
INCOME BEFORE INCOME TAX	2,699,489	52	2,562,571	51
INCOME TAX EXPENSE (Note 20)	33,924	1	99,271	2
NET INCOME FOR THE YEAR	2,665,565	51	2,463,300	49

(Continued)

ITEQ CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	**%**	**Amount**	**%**
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 16)	$ 78	-	$ (794)	-
Share of other comprehensive income (loss) of subsidiaries	(150)	-	(743)	-
	(72)	-	(1,537)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations (Note 17)	173,255	3	(471,209)	(10)
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 20)	(34,651)	-	94,242	2
Items that may be reclassified subsequently to profit or loss, net of income tax	138,604	3	(376,967)	(8)
Other comprehensive income (loss) for the year, net of income tax	138,532	3	(378,504)	(8)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 2,804,097	54	$ 2,084,796	41
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 21)				
Basic	$ 8.19		$ 8.13	
Diluted	$ 8.15		$ 8.10	

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

ITEQ CORPORATION

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

				Retained Earnings (Note 17)			Other Item Equity (Note 17)		
	Shares (Thousands)	Share Capital (Note 17)	Capital Surplus (Note 17)	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total Equity
BALANCE AT JANUARY 1, 2019	302,957	$ 3,029,572	$ 653,239	$ 1,194,845	$ -	$ 3,319,996	$ (204,144)	$ (1,536)	$ 7,991,972
Appropriation of 2018 earnings									
Legal reserve	-	-	-	177,455	-	(177,455)	-	-	-
Special reserve	-	-	-	-	205,680	(205,680)	-	-	-
Cash dividends	-	-	-	-	-	(1,151,237)	-	-	(1,151,237)
Net income for the year ended December 31, 2019	-	-	-	-	-	2,463,300	-	-	2,463,300
Other comprehensive loss for the year ended December 31, 2019	-	-	-	-	-	(794)	(376,967)	(743)	(378,504)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	2,462,506	(376,967)	(743)	2,084,796
BALANCE AT DECEMBER 31, 2019	302,957	3,029,572	653,239	1,372,300	205,680	4,248,130	(581,111)	(2,279)	8,925,531
Appropriation of 2019 earnings									
Legal reserve	-	-	-	246,330	-	(246,330)	-	-	-
Special reserve	-	-	-	-	377,710	(377,710)	-	-	-
Cash dividends	-	-	-	-	-	(1,664,786)	-	-	(1,664,786)
Issuance of ordinary shares for cash	30,000	300,000	2,994,216	-	-	-	-	-	3,294,216
Share-based payment due to issuance of ordinary shares (Note 22)	-	-	34,596	-	-	-	-	-	34,596
Net income for the year ended December 31, 2020	-	-	-	-	-	2,665,565	-	-	2,665,565
Other comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	78	138,604	(150)	138,532
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	2,665,643	138,604	(150)	2,804,097
BALANCE AT DECEMBER 31, 2020	332,957	$ 3,329,572	$ 3,682,051	$ 1,618,630	$ 583,390	$ 4,624,947	$ (442,507)	$ (2,429)	$ 13,393,654

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

ITEQ CORPORATION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 2,699,489	$ 2,562,571
Adjustments for:		
Expected credit (gain) loss	(1,815)	1,214
Depreciation expense	231,257	231,584
Amortization of prepayments	4,303	2,720
Finance costs	35,548	51,882
Interest income	(1,936)	(2,768)
Share-based compensation	34,596	-
Share of loss of subsidiaries	(2,937,055)	(2,551,923)
Loss on disposal of property, plant and equipment	(2,099)	968
Write-downs of inventories	48,757	9,283
Unrealized gain on transactions with subsidiaries	25,276	115,076
Realized gain on the transactions with subsidiaries	(72,688)	(7,561)
Loss on foreign currency exchange	3,313	16,590
(Reversal) recognized of provisions	(3,420)	2,433
Changes in operating assets and liabilities		
Notes receivable	23,727	74,680
Accounts receivable	217,813	(6,406)
Accounts receivable - related parties	229,851	(634,260)
Other receivables	123,123	(62,902)
Other receivables - related parties	(40)	28,871
Inventories	8,579	(418,513)
Other current assets	(3,109)	(4,501)
Notes payable	-	(570)
Accounts payable	(942,632)	741,008
Accounts payable - related parties	105,402	18,271
Other payables	56,151	122,681
Other payables - related parties	15,064	(100,486)
Other current liabilities	10,232	(3,448)
Cash (used in) generated from operations	(92,313)	186,494
Interest paid	(35,515)	(52,155)
Income tax paid	(101,829)	(38,872)
Net cash (used in) generated from operating activities	(229,657)	95,467
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(10,000)	-
Refund of shares of invested companies using equity method	-	300,000
Proceeds from disposal of property, plant and equipment	3,528	200
Increase in refundable deposits	(6)	(3,373)
Decrease in refundable deposits	-	1,700
Increase in other non-current assets	(4,787)	(3,921)
Increase in prepayments for equipment	(72,957)	(82,686)

(Continued)

ITEQ CORPORATION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020	2019
Interest received	$ 839	$ 1,683
Dividends received from subsidiaries	332,977	591,296
Net cash generated from investing activities	249,594	804,899
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	(1,680,000)	43,015
Decrease in short-term bills payable	(340,609)	(2,870)
Proceeds from long-term borrowings	1,339,999	1,200,000
Repayments of long-term borrowings	(1,017,646)	(817,647)
Increase in guarantee deposits received	605	1,432
Repayment of the principal portion of lease liabilities	(26,839)	(26,201)
Cash dividends paid	(1,664,786)	(1,151,237)
Proceeds from issuance of ordinary shares	3,294,216	-
Net cash used in financing activities	(95,060)	(753,508)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(75,123)	146,858
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	477,516	330,658
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 402,393	$ 477,516

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

ITEQ CORPORATION

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

ITEQ Corporation (the "Company") was incorporated on April 10, 1997. It manufactures and sells mass lamination boards, copper clad laminates, prepeg products and electronic components. The Company's shares have been listed on the Taiwan Stock Exchange (TWSE) since January 21, 2008.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors and authorized for issue on March 23, 2021.

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

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

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

b. The IFRSs endorsed by the FSC for application starting from 2021

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"	Effective immediately upon promulgation by the IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform - Phase 2"	January 1, 2021
Amendment to IFRS 16 "Covid-19 - Related Rent Concessions"	June 1, 2020

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

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

New IFRSs	Effective Date nnounced by IASB (Note 1)
"Annual Improvements to IFRS Standards 2018-2020"	January 1, 2022 (Note 2)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 3)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 6)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 7)
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 4)
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022 (Note 5)

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

Note 2: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 "Agriculture" will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 "First-time Adoptions of IFRSs" will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 3: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 4: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 5: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

Note 6: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 7: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The Company's financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

b. Basis of preparation

The Company's financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value.

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

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

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

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

When preparing the Company's financial statements, the Company used the equity method to account for its investments in subsidiaries, associates and joint ventures. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the Company's financial statements to be the same with the amounts attributable to the owners of the Company in its financial statements, adjustments arising from the differences in accounting treatments between the Company's basis and the consolidated basis were made to investments using the equity method, the share of profit or loss of subsidiaries, associates and joint ventures, the share of other comprehensive income of subsidiaries, associates and joint ventures and the related equity items, as appropriate, in these Company's financial statements.

c. Classification of current and non-current assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within twelve months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within twelve months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the financial statements are authorized for issue; and

3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least twelve months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Foreign currencies

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Such exchange differences are recognized in profit or loss in the year in which they arise. Non-monetary items measured at fair value are translated using the prevailing exchange rates at the exchange day. Translation differences on non-monetary items measured at fair value are recognized in profit or loss of the current year. However, the translation differences are also recognized directly in the comprehensive income if the change in fair value is recognized in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purpose of preparing the financial statements, the assets and liabilities of the Company's foreign operations (including of the subsidiaries, associates, joint ventures or branches operations in other countries or currencies used different with the Company) are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising on the translation to the presentation currency are recognized in other comprehensive income.

e. Inventories

Inventories consist of raw materials, supplies, finished goods and work-in-process and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost on the balance sheet date.

f. Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity (including a structured entity) that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of subsidiaries.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognized immediately in profit or loss.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Company had directly disposed of the related assets or liabilities.

Profits or losses resulting from downstream transactions are eliminated in full only in the parent company's financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized only in the parent company's financial statements only to the extent of interests in the subsidiaries that are not related to the Company.

g. Intangible assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at least once at the end of each year. The residual value of an intangible asset with a finite useful life shall be assumed to be zero unless the Company expects to dispose of the intangible asset before the end of its economic life. The effect of any changes in estimates is accounted for on a prospective basis.

h. Impairment of property, plant and equipment, right-of-use assets and intangible assets other than goodwill

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use.

If the recoverable amount of an individual asset or cash-generating unit is lower than its carrying amount, the carrying amount shall be adjusted to its recoverable amount and the impairment loss is recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or assets related to contract costs is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset, cash-generating unit or assets related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

i. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss (FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

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

1) Financial assets

a) Measurement category

Financial assets are classified into the following categories: Financial assets at financial assets at amortized cost and equity instruments at FVTOCI.

i. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade receivables, other receivables, refundable deposits at amortized cost, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

ii) Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

i) Significant financial difficulty of the issuer or the borrower;

ii) Breach of contract, such as a default;

iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

iv) The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits and bank acceptances with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

ii. Investments in equity instruments at FVTOCI

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company’s right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable).

The Company always recognizes lifetime expected credit losses (ECLs) for accounts receivable. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Company recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

c) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

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

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company’s own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company’s own equity instruments.

3) Financial liabilities

a) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method, except:

Financial guarantee contracts.

Financial guarantee contracts issued by the Company, if not designated as at FVTPL, are subsequently measured at the higher of the amount of the loss allowance reflecting expected credit losses and the amount initially recognized less the cumulative amortization recognized.

b) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

j. Provisions

Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. A provision is measured using the estimated cash flows to settle the present obligation.

k. Revenue recognition

The Company identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

Revenue from the sale of goods comes from sales of prepeg products and copper clad laminates. Sales of prepeg products and copper clad laminates are recognized as revenue when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently.

The Company does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

l. Leases

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the balance sheets.

m. Government grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes as expenses the related cost for which the grants are intended to compensate. Specifically, government grants that are conditional on the Company's purchase, construction or other means of acquisition of non-current assets are recognized as a deduction from the carrying amount of the relevant assets and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

n. Employee benefits

Short-term employee benefits

Short-term employee benefits related liabilities are measured using non-discounted expected disbursement for services rendered.

Post-employment benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Company's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

o. Share-based payment arrangements-employee share option

In accordance with Article 267 of the Company Act, the Group shall keep part of the issued shares for employee share option while issuing new ordinary shares for cash. Based on the fair value of the equity-settled transaction on the grant date, the fair value of the labor services will be recognized as payroll, and the capital surplus-employee share options will be adjusted simultaneously. The Group recognizes the grant date as the date confirming the shares that have been subscribed.

p. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the R.O.C., an additional tax of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain the earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The Group considers the economic implications of the COVID-19 when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical Accounting Judgments

Write-down of inventories

Since inventories are denominated in terms of cost and net realizable value, the Company uses the judgment and estimates to determine the net realizable value of the inventories at the end of the reporting period.

The Company assesses the amount of inventory lost due to normal wear and tear, obsolescence or no market sales value at the end of the period of the reporting period, and reduces the inventory cost to the net realizable value. This inventory assessment is based primarily on the estimated product demand for a specific period of time in the future and may result in significant changes.

6. CASH AND EQUIVALENTS

	December 31 2020	December 31 2019
Cash on hand	$ 82	$ 84
Cash in banks	402,311	477,432
	$ 402,393	$ 477,516

The market rate intervals of cash in banks at the end of the reporting period were as follows:

	December 31 2020	December 31 2019
Cash in banks	0.00%-0.20%	0.00%-0.38%

7. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE, NET

	December 31 2020	December 31 2019
Notes receivable		
At amortized cost	$ 53,422	$ 77,149
Accounts receivable		
At amortized cost		
Gross carrying amount	$ 423,600	$ 637,657
Less: Allowance for impairment loss	98	1,913
Accounts receivable, net	$ 423,502	$ 635,744
	$ 476,924	$ 712,893

The average credit period on sales of goods is 120 days. The Company also has administrative measures to strengthen sales, finance and legal collection procedures for overdue receivables. The Company evaluates the credit quality, determines the credit limit of potential customers according to an internal ratings system, reviews the credit status of customers in order to adjust their credit limits every half year, and assigns a team responsible for the determination and approval of credit limits. The team continually reviews the financial condition of accounts receivable factoring and insurance, if necessary, in order to reduce the Company's credit risk.

The Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix approach considering the past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company's different customer base.

The Company writes off a accounts receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g., when the debtor has been placed under liquidation, or when the trade receivables are over 90 days past due, whichever occurs earlier. For trade receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

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

December 31, 2020

	Not Past Due	Less than 30 Days	31 to 90 Days	Over 90 Days	Total
Expected credit loss rate	0.01%	2.66%	11.11%	100.00%	
Gross carrying amount	$ 422,164	$ 1,427	$ 9	$ -	$ 423,600
Loss allowance (lifetime ECL)	(59)	(38)	(1)	-	(98)
Amortized cost	$ 422,105	$ 1,389	$ 8	$ -	$ 423,502

December 31, 2019

	Not Past Due	Less than 30 Days	31 to 90 Days	Over 90 Days	Total
Expected credit loss rate	0.28%	1.66%	8.73%	100%	
Gross carrying amount	$ 634,786	$ 1,932	$ 939	$ -	$ 637,657
Loss allowance (lifetime ECL)	(1,799)	(32)	(82)	-	(1,913)
Amortized cost	$ 632,987	$ 1,900	$ 857	$ -	$ 635,744

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

	December 31	
	2020	2019
Balance at January 1	$ 1,913	$ 3,956
Add: Net remeasurement of loss allowance	(1,815)	1,214
Less: Amounts written off	-	(3,257)
Balance at December 31	$ 98	$ 1,913

For information of factored accounts receivable, refer to Note 24.

8. INVENTORIES, NET

	December 31 2020	December 31 2019
Finished goods	$ 116,081	$ 169,700
Work in process	1,699	5,921
Raw materials	545,864	545,424
Goods in transit	65	-
	$ 663,709	$ 721,045

As of December 31, 2020 and 2019, the cost of inventories recognized as cost of goods sold was $4,627,289 thousand and $4,242,597 thousand, respectively, which included loss on write-downs inventories were $48,757 thousand and $9,283 thousand.

9. FINANCIAL ASSETS AT FVTOCI

	December 31 2020	December 31 2019
Non-current		
Domestic investments		
Unlisted shares		
TMY Technology Inc.	$ 10,000	$ -

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

10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in Subsidiaries

	December 31 2020	December 31 2019
Non-public company		
Bon-Mou Investment Co.	$ 93,012	$ 145,212
ITEQ International Ltd.	14,575,620	11,744,189
	$ 14,668,632	$ 11,889,401

The proportion of ownership and voting rights of the Company to the subsidiaries on the balance sheet date are as follows:

	Proportion of Ownership and Voting Rights	
	December 31	
	2020	2019
Bon-Mou Investment Co.	100%	100%
ITEQ International Ltd.	100%	100%

The investments in subsidiaries accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2020 and 2019 were based on the subsidiaries' financial statements which have been audited for the years then ended.

As discussed in Note 26, the Company provided financial guarantees for its subsidiary. As of December 31, 2020 and 2019, there were $21,054 thousand and $18,091 thousand included in the carrying amounts of investments in subsidiaries, respectively, due to the financial guarantees.

On February 6, 2020, the board of directors approved and planned to increase the capital of ITEQ (JX) to US$60,000 thousand. As of the date the consolidated financial statements were authorized for issue, ITEQ (JX) has a capital of US$45,000 thousand.

11. PROPERTY, PLANT AND EQUIPMENT

	Equipment	Transport Equipment	Facilities	Leased Improvements	Other Equipment	Total
Cost						
Balance at January 1, 2020	$ 880,687	$ 10,509	$ 11,820	$ 378,107	$ 652,658	$ 1,933,781
Disposals	(3,143)	(140)	(2,015)	-	(11,981)	(17,279)
Reclassified	32,197	-	397	1,685	(30,716)	3,563
Balance at December 31, 2020	$ 909,741	$ 10,369	$ 10,202	$ 379,792	$ 609,961	$ 1,920,065
Accumulated depreciation and impairment						
Balance at January 1, 2020	$ 547,164	$ 9,951	$ 9,466	$ 233,142	$ 439,423	$ 1,239,146
Depreciation expense	91,016	267	888	44,744	64,789	201,704
Disposals	(3,143)	(140)	(2,015)	-	(10,552)	(15,850)
Reclassified	304	-	397	-	(49,311)	(48,610)
Balance at December 31, 2020	$ 635,341	$ 10,078	$ 8,736	$ 277,886	$ 444,349	$ 1,376,390
Net value	$ 274,400	$ 291	$ 1,466	$ 101,906	$ 165,612	$ 543,675
Cost						
Balance at January 1, 2019	$ 864,378	$ 11,513	$ 9,870	$ 353,498	$ 625,786	$ 1,865,045
Disposals	(6,309)	(1,480)	-	-	(4,630)	(12,419)
Reclassified	22,618	476	1,950	24,609	31,502	81,155
Balance at December 31, 2019	$ 880,687	$ 10,509	$ 11,820	$ 378,107	$ 652,658	$ 1,933,781
Accumulated depreciation and impairment						
Balance at January 1, 2019	$ 464,786	$ 10,170	$ 8,826	$ 190,652	$ 373,779	$ 1,048,213
Depreciation expense	87,622	1,158	640	42,490	70,274	202,184
Disposals	(5,244)	(1,377)	-	-	(4,630)	(11,251)
Balance at December 31, 2019	$ 547,164	$ 9,951	$ 9,466	$ 233,142	$ 439,423	$ 1,239,146
Net value	$ 333,523	$ 558	$ 2,354	$ 144,965	$ 213,235	$ 694,635

No impairment assessment was performed for the years ended December 31, 2020 and 2019 as there was no indication of impairment.

Depreciation costs of the property, plant and equipment are calculated on a straight-line basis over their estimated useful lives as shown in the following:

Equipment	
Electromechanical power equipment	5-12 years
Renovation	2-5 years
Transportation equipment	5-10 years
Facilities	
Computers	3-10 years
Office furniture	3-5 years
Leased improvements	3-9 years
Other equipment	
Research and development equipment	3-12 years
Pollution prevention equipment	3-12 years
Miscellaneous equipment	1-12 years

12. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2020	**2019**
Carrying amount		
Buildings	$ 229,848	$ 258,025

	For the Year Ended December 31	
	2020	**2019**
Additions to right-of-use assets	$ 1,376	$ -
Depreciation charge for right-of-use assets		
Buildings	$ 29,553	$ 29,400

b. Lease liabilities

	December 31	
	2020	**2019**
Carrying amount		
Current	$ 27,347	$ 26,695
Non-current	$ 197,015	$ 223,130

Range of discount rates for lease liabilities was as follows:

	December 31	
	2020	**2019**
Buildings	1.6%-3.2%	1.6%-3.2%

c. Material lease-in activities and terms

The Company leases certain land, plants and office spaces with a lease term from January 2013 to December 2028. The lease contract for land located in Taiwan specifies that lease payments will be adjusted every year on the basis of changes in the consumer price index. The Company does not have bargain purchase options to acquire the leasehold land, plants and office spaces at the end of the lease term.

d. Other lease information

	For the Year Ended December 31	
	2020	**2019**
Expenses relating to short-term leases and low-value asset leases	$ 4,508	$ 2,776
Total cash outflow for leases	$ (35,200)	$ (33,245)

The Company's leases of certain mechanical equipment qualify as short-term leases and certain office spaces qualify as low-value asset leases. The Company elected to apply the recognition exemption and, thus, did not recognize right-of-use assets and lease liabilities for these leases.

13. OTHER NON-CURRENT ASSETS

	December 31	
	2020	**2019**
Refundable deposits (Note 25)	$ 103,514	$ 107,838
Net defined benefit assets (Note 16)	19,979	19,169
Long-term prepayments	14,857	8,064
Materials and Supplies	5,868	4,548
	$ 144,218	$ 139,619

14. BORROWINGS

a. Short-term borrowings

The weighted average effective interest rates on bank loans were 0.85%-0.88% and 0.99%-1.10% as of December 31, 2020 and 2019, respectively.

b. Short-term bills payable

Outstanding short-term bills payable were as follows:

	December 31	
	2020	**2019**
Commercial paper	$ 50,000	$ 390,000
Less: Unamortized discounts on bills payable	15	181
	$ 49,985	$ 389,819
Interest rate	0.86%	1.04%-1.05%

c. Long-term borrowings

	December 31	
	2020	**2019**
Credit loans	$ 1,728,235	$ 1,405,882
Less: Current portion	88,235	117,647
	$ 1,640,000	$ 1,288,235
Interest rate	0.64%-0.94%	0.90%-1.10%

On June 22, 2020, the Company obtained a US$25,000 thousand bank loan under two-year revolving agreement with Bank of China. As of December 31, 2020, the Company had already accessed the loan fund of $670,000 thousand.

On September 30, 2020 and August 16, 2019, the Company obtained a $500,000 thousand bank loan under a two-year revolving agreement with the KGI Commercial Bank. As of December 31, 2020 and 2019, the Company had already accessed the loan fund of $470,000 thousand and $500,000 thousand.

On December 6, 2018, the Company obtained a $500,000 thousand bank loan under a three-year revolving agreement with the Agricultural Bank of Taiwan. As of December 31, 2020 and 2019, the Company had already accessed the loan fund of $500,000 thousand.

On October 29, 2019, the Company obtained a $200,000 thousand bank loan under a two-year revolving agreement with SinoPac Bank, respectively. As of December 31, 2019, the Company had already accessed the loan fund of $200,000 thousand, respectively. The bank loan agreement stipulated that:

1) The ratio of current assets to current liabilities shall not be lower than 100%.

2) The ratio of liabilities to net tangible assets shall not be higher than 175%.

3) Interest coverage shall not be lower than 400%.

4) The net value of tangible assets shall not be lower than $5,000,000 thousand.

On August 27, 2014, the Company obtained a $500,000 thousand bank loan under a seven-year revolving agreement with O-Bank. As of December 31, 2020 and 2019, the Company had fully accessed the loan fund and the repaid loan fund of $411,765 thousand and 294,118 thousand, respectively. The bank loan agreement stipulated that:

1) The ratio of current assets to current liabilities shall not be lower than 100%.

2) The ratio of liabilities to net tangible assets shall not be higher than 200%.

3) Interest coverage shall not be lower than 400%.

4) The net value of tangible assets shall not be lower than $5,000,000 thousand.

15. PROVISIONS - CURRENT

	December 31	
	2020	2019
Returns and allowances	$ -	$ 3,420

Changes in returns and allowances provisions were as follows:

	For the Year Ended December 31	
	2020	2019
Balance at January 1	$ 3,420	$ 987
Recognition (reversal)	(3,420)	2,433
Balance at December 31	$ -	$ 3,420

The provision for customer returns and rebates was based on historical experience, management's judgments and other known reasons for occurrence of product returns and rebates.

16. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

For the years ended December 31, 2020 and 2019, the Company recognized pension costs of $14,080 thousand and $13,001 thousand, respectively.

b. Defined benefit plans

The defined benefit plan adopted by the Company in accordance with the Labor Standards is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the “Bureau”) and the Company has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Company’s defined benefit plans were as follows:

	December 31	
	2020	**2019**
Present value of defined benefit obligation	$ 26,706	$ 25,841
Fair value of plan assets	(46,685)	(45,010)
Net defined benefit assets (part of other non-current assets)	$ (19,979)	$ (19,169)

Movements in net defined benefit assets were as follows:

	Present Value of the Defined Benefit Obligation	**Fair Value of the Plan Assets**	**Net Defined Benefit Asset**
Balance at January 1, 2019	$ 24,910	$ (44,094)	$ (19,184)
Net interest expense (income)	248	(443)	(195)
Recognized in profit or loss	248	(443)	(195)
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,541)	(1,541)
Actuarial loss - changes in financial assumptions	685	-	685
Actuarial loss - changes in demographic assumptions	751	-	751
Actuarial loss - experience adjustments	899	-	899
Recognized in other comprehensive income	2,335	(1,541)	794
Contributions from the employer	-	(584)	(584)
Benefits paid	(1,652)	1,652	-
Balance at December 31, 2019	25,841	(45,010)	(19,169)
Net interest expense (income)	188	(335)	(147)
Recognized in profit or loss	188	(335)	(147)
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,486)	(1,486)
Actuarial loss - changes in financial assumptions	1,122	-	1,122
Actuarial loss - changes in demographic assumptions	289	-	289
Actuarial loss - experience adjustments	(3)	-	(3)
Recognized in other comprehensive income	1,408	(1,486)	(78)
Contributions from the employer	-	(585)	(585)
Benefits paid	(731)	731	-
Balance at December 31, 2020	$ 26,706	$ (46,685)	$ (19,979)

The amounts of defined benefit plans recognized in profit or loss by function were as follows:

	For the Year Ended December 31	
	2020	2019
Administration profits	$ (147)	$ (195)

Through the defined benefit plans under the Labor Standards Act, the Company is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic/and foreign/equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau of Labor Funds, Ministry of Labor or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The principal assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2020	2019
Discount rate	0.35%	0.75%
Expected rates of future salary increase	2.00%	2.00%

If possible reasonable changes in each of the significant actuarial assumptions occur and all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	December 31, 2020
Discount rate(s)	
0.25% increase	$ (721)
0.25% decrease	$ 751
Expected rate(s) of salary increase	
0.25% increase	$ 737
0.25% decrease	$ (711)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

As of December 31, 2020 and 2019, the expected contributions to the plan for the next year were $727 thousand and $732 thousand, respectively. The average duration of the defined benefit obligation was 11 years.

17. EQUITY

a. Share capital

	December 31	
	2020	2019
Authorized shares (in thousands)	500,000	500,000
Authorized capital	$ 5,000,000	$ 5,000,000
Issued and paid shares (in thousands)	332,957	302,957
Issued capital	$ 3,329,572	$ 3,029,572

On February 6, 2020, ITEQ Corporation's board of directors resolved to issue 30,000 thousand ordinary shares, with a par value of NT$10, for a consideration of NT$110 per share. The total amount is $300,000 thousand, and the subscription base date was set by the board of directors on March 31, 2020. The total collected capital was $3,294,216 thousand after deducting the administration fee. The capital was all collected, and the alternation was registered.

b. Capital surplus

	December 31	
	2020	2019
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Shares premium from issuance	$ 3,647,455	$ 653,239
May only be used to offset a deficit		
Shares premium from issuance	25,452	-
Invalid employee shares options (2)	9,144	-
	$ 3,682,051	$ 653,239

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

2) When employee share options are exercised, "capital reserve-employee share options" are transferred to "capital surplus-share premium". The portion of cash inflow and the capital reserve generated by expired share options can only be used to offset a deficit.

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the amended Articles, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonus to shareholders. For information on the accrual basis of the compensation of employees and remuneration of directors and supervisors and the actual appropriations, refer to Note 19-5, employee benefits expense.

The Company is currently in its growth stage; thus, the policy for distribution of dividends should reflect factors such as the current and future investment environment, fund requirements, domestic competition and capital budget, as well as benefits to be given out, balance in the distribution of shares and cash bonuses, and long-term financial planning. The Company's Articles of Incorporation stipulate that at least 20% of dividends to shareholders shall be distributed in cash.

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

The appropriations from the earnings of 2019 and 2018 were approved in the shareholders' meetings on June 16, 2020 and June 13, 2019, respectively. The appropriations were as follows:

	Appropriation of Earnings		**Dividends Per Share (NT$)**	
	2019	**2018**	**2019**	**2018**
Legal reserve	$ 246,330	$ 177,455		
Special reserve	377,710	205,680		
Cash dividends	1,664,786	1,151,237	$5.0	$3.8

The appropriation of the 2020 earnings will be proposed by the Company's board of directors on March 23, 2021. The appropriations, including dividends per share, are as follows:

	Appropriation of Earnings	**Dividends Per Share (NT$)**
Legal reserve	$ 266,564	
Special reserve	(138,454)	
Cash dividends	1,664,786	$5

The appropriation of the 2020 earnings are subject to the resolution in the shareholders' meeting to be held on June 16, 2021.

Information on the bonus to employees, directors and supervisors proposed by the Company's board of directors is available on the Market Observation Post System website of the Taiwan Stock Exchange.

d. Other items of equity

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

	For the Year Ended December 31	
	2020	**2019**
Balance at January 1	$ (581,111)	$ (204,144)
Recognized for the year		
Exchange differences on translation of the financial statements of foreign operations	173,255	(471,209)
Tax effects	(34,651)	94,242
Other comprehensive income recognized for the year	138,604	(376,967)
Balance at December 31	$ (442,507)	$ (581,111)

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

	For the Year Ended December 31	
	2020	2019
Balance at January 1	$ (2,279)	$ (1,536)
Recognized for the year		
Unrealized gain/(loss) - equity instruments	(150)	(743)
Other comprehensive income recognized for the year	(150)	(743)
Balance at December 31	$ (2,429)	$ (2,279)

18. REVENUE

The following is an analysis of the Company's revenue from its major products:

	For the Year Ended December 31	
	2020	2019
Copper clad laminate	$ 2,861,377	$ 3,051,483
Prepeg	1,907,934	1,922,028
Others	448,741	50,860
	$ 5,218,052	$ 5,024,371

The balance of the contract liabilities of the Company from the sale of goods on December 31, 2020 and 2019 was $1,168 thousand and $1,566, respectively. The change in contract liabilities is mainly due to the difference between the point of meeting the performance obligation and the time of payment by the customer.

19. NET INCOME (LOSS)

a. Other income

	For the Year Ended December 31	
	2020	2019
Interest income	$ 1,936	$ 2,768
Other income	51,583	32,034
	$ 53,519	$ 34,802

b. Other gains and losses

	For the Year Ended December 31	
	2020	2019
Net foreign exchange losses	$ (51,958)	$ (34,055)
Other losses	(3,201)	(2,835)
	$ (55,159)	$ (36,890)

c. Depreciation and amortization

	For the Year Ended December 31	
	2020	**2019**
Property, plant and equipment	$ 201,704	$ 202,184
Right-of-use assets	29,553	29,400
Prepayments	4,303	2,720
	$ 235,560	$ 234,304
An analysis of depreciation by function		
Operating costs	$ 175,875	$ 180,486
Operating expenses	55,382	51,098
	$ 231,257	$ 231,584
An analysis of amortization by function		
Operating costs	$ 2,630	$ 1,028
General and administrative expenses	1,036	242
Research and development expenses	637	1,450
	$ 4,303	$ 2,720

d. Finance costs

	For the Year Ended December 31	
	2020	**2019**
Interest on bank loans	$ 31,695	$ 47,614
Interest on lease liabilities	3,853	4,268
	$ 35,548	$ 51,882

e. Employee benefits expense

	For the Year Ended December 31	
	2020	**2019**
Short-term benefits	$ 631,889	$ 547,080
Post-employment benefits (Note 16)		
Defined contribution plans	14,080	13,001
Defined benefit plans	(147)	(195)
	$ 645,822	$ 559,886
Share-based payment	$ 34,596	$ -

	For the Years Ended December 31					
	2020			2019		
	Classified as Operating Cost	Classified as Operating Expense	Total	Classified as Operating Cost	Classified as Operating Expense	Total
Analysis by function						
Salaries and bonuses	$ 220,945	$ 311,847	$ 532,792	$ 202,374	$ 265,500	$ 467,874
Employees' insurance	17,914	14,961	32,875	17,514	12,840	30,354
Pension cost	7,334	6,599	13,933	7,162	5,644	12,806
Director's remuneration	-	44,283	44,283	-	27,591	27,591
Others	15,382	41,153	56,535	15,856	5,405	21,261
	$ 261,575	$ 418,843	$ 680,418	$ 242,906	$ 316,980	$ 559,886

As of December 31, 2020 and 2019, the Company's average number of employees were 468 and 432, respectively. The number of directors who have not served as employees is 5 and 6, respectively. The average employee benefit expenses were $1,374 thousand and $1,250 thousand, respectively. The average salary expenses were $1,151 thousand and $1,098 thousand, and the average salary expenses costs changed by 4.76%. The Company has established an audit committee, and the remuneration of independent directors has been incorporated into the remuneration of directors for disclosure.

Directors: According to the Company's Articles of Association, the compensation committee recommends the remuneration of directors to the board of directors as reference, and the board of directors is authorized to make decisions based on the directors' participation in the Company's operations, and the value of their contributions, and with reference to the usual standards of the same industry. If the directors are concurrently employees, remuneration will be paid in accordance with the following regulations for managers and employees.

Managers: The remuneration of the company's managers is in accordance with the Company's Articles of Association, including salary, bonuses and employee remuneration, position held, responsibilities and contribution to the Company, and also based on the standards of the same industry. After the review of the compensation committee, the remuneration is submitted to the board of directors for approval before implementation.

Employees: The salary of the employees is based on the salary payment standards and their academic experience, professional knowledge, technology and professional experience. There is no difference due to their age, gender, race, religion, political stance, and marital status. Bonuses are determined based on the Company's operational performance and employees' personal performance. Salary payment standards are determined with reference to the salary market, company operating conditions and organizational structure, and adjusted in a timely manner based on market pay dynamics, changes in the overall economic and industrial climate, and government regulations.

f. Employees' compensation and remuneration of directors and supervisors

Articles of Incorporation of the Company stipulate to distribute compensation of employees and remuneration of directors and supervisors at the rates no less than 2% and no higher than 2%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors and supervisors. The compensation of employees and remuneration of directors and supervisors in cash for the years ended December 31, 2020 and 2019 have been approved by the Company's board of directors on March 23, 2021 and March 17, 2020, respectively.

	For the Year Ended December 31	
	2020	**2019**
Employees' compensation - ratio	6.5%	5.00%
Remuneration of directors and supervisors - ratio	1.5%	1.00%
Employees' compensation - cash	$ 190,724	$ 136,303
Remuneration of directors and supervisors - cash	44,013	27,261

If there is a change in the proposed amounts after the annual financial statements were authorized for issue, the differences are recorded as a change in accounting estimate and will be reflected in the following year.

There was no difference between the amounts of the bonus to employees and the remuneration of directors and supervisors approved in the shareholders' meetings and the amounts recognized in the financial statements for the years ended December 31, 2019 and 2018.

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

g. Gains (losses) on foreign currency exchange

	For the Year Ended December 31	
	2020	**2019**
Foreign exchange gains	$ 92,577	$ 54,846
Foreign exchange losses	(144,535)	(88,901)
Net losses	$ (51,958)	$ (34,055)

20. INCOME TAXES

a. The major components of income tax expense recognized in profit or loss were as follows:

	For the Year Ended December 31	
	2020	2019
Current tax		
Current year	$ 46,682	$ 99,184
Additional income tax on unappropriated earnings	8,684	20,487
Prior year adjustments	(16,736)	11,395
	38,630	131,066
Deferred tax		
Current year	(4,706)	(31,795)
Income tax expense recognized in profit or loss	$ 33,924	$ 99,271

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2020	2019
Income before income tax from continuing operations	$ 2,699,489	$ 2,562,571
Income tax expense calculated at the statutory rate	$ 539,898	$ 512,514
Nondeductible expenses in determining taxable income	28,117	25,156
Tax-exempt income	(526,039)	(436,968)
Unrecognized deductible temporary differences	-	(33,313)
Additional income tax on unappropriated earnings	8,684	20,487
Adjustments for prior year's tax	(16,736)	11,395
Income tax expense recognized in profit or loss	$ 33,924	$ 99,271

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2020	2019
Deferred tax		
In respect of the current period		
Translation of foreign operations	$ (34,651)	$ 94,242

c. Current tax asset and liability

	December 31	
	2020	2019
Current tax asset		
Income tax refund receivable	$ 753	$ -
Current tax liability		
Income tax payable	$ -	$ 95,601

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2020

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred tax assets				
Write-down of inventories	$ 8,436	$ 9,751	$ -	$ 18,187
Bad debt expense	3,130	1,675	-	4,805
Exchange differences on translation of the financial statements of foreign operations	145,277	-	(34,651)	110,626
Unrealized exchange gains and losses	2,899	(257)	-	2,642
Unrealized gain of patent disposal	14,836	(6,358)	-	8,478
Others	8,864	(3,808)	-	5,056
	$ 183,442	$ 1,003	$ (34,651)	$ 149,794
Deferred tax liabilities				
Investments accounted for using equity method	$ 361,821	$ (3,703)	$ -	$ 358,118

For the year ended December 31, 2019

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred tax assets				
Write-down of inventories	$ 6,580	$ 1,856	$ -	$ 8,436
Bad debt expense	3,967	(837)	-	3,130
Exchange differences on translation of the financial statements of foreign operations	51,035	-	94,242	145,277
Unrealized exchange gains and losses	-	2,899	-	2,899
Unrealized gain of patent disposal	-	14,836	-	14,836
Others	1,710	7,154	-	8,864
	$ 63,292	$ 25,908	$ 94,242	$ 183,442

(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred tax liabilities				
Investments accounted for using equity method	$ 366,006	$ (4,185)	$ -	$ 361,821
Others	1,702	(1,702)	-	-
	$ 367,708	$ (5,887)	$ -	$ 361,821

(Concluded)

e. The information of temporary differences associated with investments for which deferred tax liabilities have not been recognized

As of December 31, 2020 and 2019, the taxable temporary differences associated with subsidiaries for which no deferred tax liabilities have been recognized were $10,720,332 thousand and $7,871,136 thousand, respectively.

f. Income tax returns of the Company through 2018 had been examined and assessed by the tax authorities.

21. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2020	2019
Basic earnings per share		
Basic earnings per share	$ 8.19	$ 8.13
Diluted earnings per share		
Diluted earnings per share	$ 8.15	$ 8.10

The net income and weighted average number of ordinary shares outstanding in calculating earnings per share were as follows:

Net Income

	For the Year Ended December 31	
	2020	2019
Net income in computation of basic earnings per share	$ 2,665,565	$ 2,463,300
Net income in computation of diluted earnings per share	$ 2,665,565	$ 2,463,300

Ordinary Shares

Unit: Thousand Shares

	For the Year Ended December 31	
	2020	**2019**
Weighted average number of ordinary shares in computation of basic earnings per share	325,580	302,957
Effect of potentially dilutive ordinary shares:		
Employees' compensation or bonus to employees	1,613	1,292
Weighted average number of ordinary shares used in the computation of diluted earnings per share	327,193	304,249

If the Company can settle the compensation to employees in cash or shares, the Company assumes the entire amount of the compensation would be settled in shares and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

22. SHARE-BASED PAYMENT ARRANGEMENTS-EMPLOYEE SHARE OPTIONS

The Company's board of directors approved in their meeting the issuance of ordinary shares for cash on February 6, 2020, and reserved 10% of the new shares for the subscription of employees in accordance with the Company Act. The share options were measured at fair value on the date they were granted. For the year ended December 31, 2020, the Company's cost of employee share options was $34,596 thousand which was recognized under capital surplus-employee share options. After receiving the full payment, the capital surplus-employee share options were transferred to capital surplus-shares issued at a premium. Among them, 508 thousand shares were not exercised which amounted to $9,144 thousand and was transferred to capital surplus-expired employee share options from capital surplus-employee share options.

The Company uses the Black-Scholes valuation model to calculate its fair value, and the inputs used in the valuation model at the grant date are as follows:

	Employee Share Options
Grant-date shareprice	$127.50 per share
Exercise price	$110 per share
Expected volatility	177.70%
Expected life	1 day
Expected dividend yield	3.82%
Risk-free interest rate	0.82%
Fair value of options granted	$18 per share

23. CAPITAL RISK MANAGEMENT

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

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

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

Key management personnel of the Company review the capital structure quarterly. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Under the recommendations of the key management personnel, to balance the overall capital structure, the Company may adjust the amount of dividends paid to shareholders and the number of new shares issued and repurchased.

24. DISCLOSURES FOR FINANCIAL INSTRUMENTS

a. Fair values of financial instruments that are measured at fair value

1) Degree of fair value measurements

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Equity securities	$ -	$ -	$ 10,000	$ 10,000

There were no transfers between Levels 1 and 2 in the current and prior periods.

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

Non-publicly quoted equity investments are measured at fair value. The determination of fair value is based on the income method, and calculates the present value of the expected return from holding this investment is calculated by discounted cash flow method.

b. Categories of financial instruments

	December 31	
	2020	2019
Financial assets		
Financial assets at amortized cost (1)	$ 2,153,388	$ 2,828,879
Financial liabilities		
Amortized cost (2)	4,483,659	6,938,046
Financial guarantee contracts	21,504	18,091

1) The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, notes receivable, accounts receivable, portion of other receivables and refundable deposits.

2) The balances included financial liabilities measured at amortized cost, which comprise short-term and long-term loans, short-term bills payable, notes payable, accounts payable, other payables, current portion of long-term borrowings, and guarantee deposits received.

c. Financial risk management objective and policies

The Company monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Company's Finance Department seeks to manage the effect of these risks by using derivative financial instruments to hedge risk exposures under the policies approved by the board of directors. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. Compliance with policies and exposure limits is being reviewed by the internal auditors on a continuous basis.

1) Market risk

a) Foreign currency risk

The Company had foreign currency sales and purchases, which exposed the Company to foreign currency risk. For the years ended December 31, 2020 and 2019 approximately 47% and 48% of the Company's sales and almost 37% and 40% of costs, respectively were denominated in currencies other than the functional currency of the Company. Exchange rate exposures were managed within approved policy parameters utilizing forward foreign exchange contracts.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) and derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 27.

Sensitivity analysis

The Company was mainly exposure to U.S. dollars and analyzed the sensitivity to a $0.5 increase and decrease in New Taiwan dollars against one U.S. dollar. The sensitivity to a $0.5 change in New Taiwan dollars is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. A positive number below indicates an increase in pre-tax profit or other equity if U.S. dollars strengthened by $0.5 against the one New Taiwan dollar. For a $0.5 in U.S. dollars weakening of U.S. dollars against one New Taiwan dollar, there would be an equal and opposite impact on pre-tax profit or other equity and the balances below would be negative.

	Currency USD	
	2020	**2019**
Profit or loss	$ 14,776	$ 10,182

b) Interest rate risk

The Company was exposed to fair value interest rate risk because of fixed rate debt investments with short-term bills payable.

The Company was also exposed to cash flow interest rate risk because of demand deposits and floating rate bank borrowings.

The Company reviewed the interest level regularly and maintained the scope of interest rate stably. The Company will adopt hedging strategies in the cost-effective way, if necessary.

The carrying amounts of the Company’s financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows.

	December 31	
	2020	2019
Fair value interest rate risk		
Financial assets	$ 49,985	$ -
Cash flow interest rate risk		
Financial assets	402,311	477,422
Financial liabilities	3,118,235	4,475,882

Sensitivity analysis

The sensitivity analyses have been determined based on the exposure to floating interest rates for financial assets and financial liabilities. A 25 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management’s assessment of the reasonably possible change in interest rates. If interest rates had been 25 basis points higher and all other variables were held constant, the Company’s pre-tax profit for the years ended December 31, 2020 and 2019 would have decreased by $6,790 thousand and $9,996 thousand, respectively.

c) Other price risk

The price changes in the Company’s financial products, which are engaged in transactions or not for sale, will cause the fair value to change.

Sensitivity analysis

Faced with the risk of changes in the price of financial assets available for sale, the Company uses a 10% increase or decrease in market prices as a reasonable risk assessment to report price changes to management. With all other variables remaining constant, if equity prices had been 10% higher, pre-tax profit for the years ended December 31, 2020 would have increased by $1,000 thousand.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. As at the end of the reporting period, the Company’s maximum exposure to credit risk which will cause a financial loss to the Company due to failure of counterparties to discharge an obligation and financial guarantees provided by the Company could arise from the carrying amount of the respective recognized financial assets as stated in the balance sheets.

The Company had assigned a team to be responsible for determine and approving credit line, and this team evaluated continuously financial situation, industries and region regarding customers generated accounts receivable. In order to reduce credit risk, the Company proceeded to factoring and insure accounts receivable if necessary. In addition, the Company reviewed monthly the overdue amount of each individual accounts receivable and further recovering strategy to ensure that adequate allowances are made for irrecoverable amounts at the balance sheet date. In this regard, management believes the Company’s credit risk was significantly reduced.

The credit risk on liquid funds and derivatives was limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Company's concentration of credit risk of 72% and 50% of total accounts receivable as of December 31, 2020 and 2019, respectively, were related to the Company's ten largest customers. The concentration of credit risk for the remainder of accounts receivable were immaterial.

3) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate banking facilities and reserve borrowing facilities in capital market, and continuously monitoring forecast and actual cash flows as well as matching the maturity profiles of financial assets and liabilities. The detailed information of the Company's unused financing facilities as of December 31, 2020 and 2019 is further stated in (b) financing facilities below.

a) Liquidity risk tables for non-derivative financial liabilities

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The tables included both interest and principal cash flows.

December 31, 2020

	180 Days	181-270 Days	271-360 Days	361+ Days	Total
Non-derivative financial liabilities					
Short-term borrowings	$ 1,391,772	$ -	$ -	$ -	$ 1,391,772
Short-term bills payable	49,985	-	-	-	49,985
Notes payable and accounts payable	546,510	-	-	-	546,510
Accounts payable - related parties	265,200	-	-	-	265,200
Other payables	482,545	-	-	-	482,545
Other payables - related parties	15,467	-	-	-	15,467
Financial guarantee contracts	21,504	-	-	-	21,504
Lease liabilities	15,376	7,688	7,688	208,238	238,990
Long-term borrowings	61,504	34,915	-	1,647,189	1,743,608
	$ 2,849,863	$ 42,603	$ 7,688	$ 1,855,427	$ 4,755,581

Further information on the maturity analysis of lease liabilities is as follows:

	Less than One Year	1-5 Years	5-10 Years
Lease liabilities	$ 34,157	$ 134,899	$ 90,547

December 31, 2019

	180 Days	181-270 Days	271-360 Days	361+ Days	Total
Non-derivative financial liabilities					
Short-term borrowings	$ 3,379,497	$ -	$ -	$ -	$ 3,379,497
Short-term bills payable	390,000	-	-	-	390,000
Notes payable and accounts payable	1,478,737	-	-	-	1,478,737
Accounts payable - related parties	161,342	-	-	-	161,342
Other payables	427,124	-	-	-	427,124
Other payables - related parties	550	-	-	-	550
Financial guarantee contracts	18,091	-	-	-	18,091
Lease liabilities	17,235	8,576	8,548	252,225	286,584
Long-term borrowings	62,422	31,502	34,371	1,291,573	1,419,868
	$ 5,934,998	$ 40,078	$ 42,919	$ 1,543,798	$ 7,561,793

Further information on the maturity analysis of lease liabilities is as follows:

	Less than One Year	1-5 Years	5-10 Years
Lease liabilities	$ 34,360	$ 131,273	$ 436,291

b) Financing facilities

Bank borrowings are a major source for the liquidity of the Company. The Company's financing facilities are as follows:

	December 31	
	2020	2019
Unsecured bank borrowings facility		
Amount used	$ 3,274,394	$ 5,117,645
Amount unused	6,083,841	3,596,237
	$ 9,358,235	$ 8,713,882

d. Transfers of financial assets

Factored trade receivables for the years ended December 31, 2020 and 2019 were as follows:

Counterparties	Interest Rates on Advances Received (%)	Receivables Sold	Advances Received at Year-end	Amounts Collected	Credit Line
December 31, 2020					
Taishin Bank (Note)	-	$ 36,314	$ -	$ 36,314	$ 209,552
KGI Commercial Bank (Note)	-	1,979	-	1,979	17,088
Bank SinoPac (Note)	-	-	-	-	213,600
		$ 38,293	$ -	$ 38,293	$ 440,240
December 31, 2019					
Taishin Bank (Note)	-	$ 60,617	$ -	$ 60,617	$ 216,902
KGI Commercial Bank (Note)	-	2,561	-	2,561	17,988
Bank SinoPac (Note)	-	85,135	-	85,135	224,850
		$ 148,313	$ -	$ 148,313	$ 459,740

Note: No advances received at year-end.

The above credit lines may be used on a revolving basis.

Pursuant to the Company's factoring agreements, losses from commercial disputes (such as sales returns and discounts) were borne by the Company, while losses from credit risk were borne by the banks. As of December 31, 2020 and 2019, the Company issued promissory notes with an aggregate amount of $478,552 thousand and $507,902 thousand to the banks as collateral, respectively.

25. TRANSACTIONS WITH RELATED PARTIES

Except as disclosed in other notes, details of transactions between the Company and other related parties are disclosed below.

a. Related party name and category

Related Party Name	Related Party Category
WIN Semiconducter Corp. (Win Corporation)	Related party in substance
ITEQ International	Subsidiary
IPL	Subsidiary
IIL	Subsidiary
ITEQ (WX)	Subsidiary
ITEQ (DG)	Subsidiary
Bon-Mou Investment Co.	Subsidiary

b. Sales of goods

Related Party Category/Name	For the Year Ended December 31 2020	2019
ITEQ (DG)	$ 1,576,798	$ 2,249,430
ITEQ (WX)	1,291,196	536,504
Others	346,741	4,163
	$ 3,214,735	$ 2,790,097

The sale price to the related party is based on the Company's purchase cost plus fixed profit.

c. Purchases of goods

Related Party Category/Name	For the Year Ended December 31 2020	2019
ITEQ (DG)	$ 269,264	$ 491,636
ITEQ (WX)	528,837	302,780
Others	3,308	24,638
	$ 801,409	$ 819,054

The purchases price to the related party is based on the Company's purchase cost plus fixed profit.

d. Other income

Related Party Category/Name	December 31 2020	2019
ITEQ (WX)	$ 31,790	$ 21,194

The Company sold the patent rights to ITEQ (WX) for $95,371 thousand in April 2019 and adjusted it to realized profits according to the period of use. Amortization is $31,790 thousand and $21,194 thousand in 2020 and 2019. As of December 31, 2020 and 2019, the deferred unrealized profits was $42,387 thousand and $74,178 thousand.

The other income from related party comes from technical service fees and patent transfer income.

e. Receivables from related parties (excluding loans to related parties and contract assets)

Related Party Category/Name	December 31 2020	December 31 2019
ITEQ International	$ 313,280	$ 329,780
ITEQ (DG)	430,884	862,876
ITEQ (WX)	328,864	170,365
Others	62,276	437
	$ 1,135,304	$ 1,363,458

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2020 and 2019, no impairment loss was recognized for trade receivables from related parties.

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

Related Party Category/Name	December 31 2020	December 31 2019
IPL	$ 10,709	$ 57,199
IIL	255,844	79,027
ITEQ (WX)	1,180	22,541
Others	12,934	3,125
	$ 280,667	$ 161,892

The outstanding trade payables from related parties are unsecured.

g. Lease arrangements

The Company entered into an operating lease agreement with Win Corporation to lease land and plant facility. The lease period is from January 1, 2013 to December 31, 2028 and the rent is payable monthly.

Line Item	December 31 2020	December 31 2019
Right-of-use assets	$ 227,003	$ 254,002
Refundable deposits	$ 100,782	$ 99,686
Lease liabilities - current	$ 26,147	$ 25,592
Lease liabilities - non-current	195,129	220,044
	$ 221,276	$ 245,636
Finance costs	$ 3,737	$ 4,119
Depreciation expense	$ 28,375	$ 28,222
Interest income	$ 1,096	$ 1,085

h. Compensation of key management personnel

	For the Year Ended December 31	
	2020	2019
Short-term employee benefits	$ 109,679	$ 62,622
Post-employment benefits	529	668
	$ 110,208	$ 63,290

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

26. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Company as of December 31, 2020 and 2019 were as follows:

a. Significant commitments

1) Unused letters of credit amounted to $98,156 thousand.

2) Total contracted construction equipment fees not yet paid were $14,583 thousand.

b. Contingencies

Contingent liabilities

Contingent liabilities incurred by the Company arising from interests in subsidiaries were as follows:

	December 31	
	2020	2019
Financial guarantee for subsidiaries loans		
Amount guaranteed	$ 4,913,760	$ 3,687,740
Amount utilized	1,613,608	1,138,785

27. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the Company and the exchange rates between foreign currencies and respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

	December 31	
	2020	2019
Foreign currency asset		
Monetary item		
USD	$ 43,785	$ 39,174
Exchange rate	28.48	29.98
Carrying amount	1,246,997	1,174,437

(Continued)

	December 31	
	2020	2019
Foreign currency liabilities		
Monetary item		
USD	14,233	18,811
Exchange rate	28.48	29.98
Carrying amount	405,356	563,954

(Concluded)

	For the Year Ended December 31			
	2020		2019	
	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
USD	29.55 (USD:NTD)	$ 51,958	30.91 (USD:NTD)	$ 34,055

28. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and b. investees:

1) Financing provided to others. (Table 1)

2) Endorsements/guarantees provided. (Table 2)

3) Marketable securities held (excluding investment in subsidiaries, associates and joint controlled entities). (Table 3)

4) Marketable securities acquired and disposed at costs or prices at least NT$300 million or 20% of the paid-in capital. (None)

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

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

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

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

9) Trading in derivative instruments. (None)

10) Intercompany relationships and significant intercompany transactions. (Table 6)

c. Information on investments in mainland China

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

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

a) The amount and percentage of purchase: Note 25 and Table 4.

b) The amount and percentage of sales: Note 25, Tables 4 and 5.

c) The amount of assets disposed of and related gain or loss: None.

d) Endorsement/guarantee provided: Table 2.

e) Financing provided: Table 1.

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

d. Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: Table 8.

TABLE 1

ITEQ CORPORATION

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Financing Company Name	Borrower	Financial Statement Account	Related Parties	Maximum Balance for the Period (In Thousands)	Ending Balance (In Thousands)	Transaction Amounts (In Thousands)	Interest Rate	Type of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Doubtful Accounts	Collateral		Financing Limit for Each Borrowing Company (Notes 1 and 2)	Financing Amount Limits (Notes 1 and 2)
													Item	Value		
0	ITEQ Corporation	ITEQ (JX)	Accounts receivable - related parties and other receivables - related parties	Yes	$ 4,625 thousand	$ 1,158 thousand	$ 1,158 thousand	-	Short-term financing	$ -	Operating capital	$ -	-	$ -	$ 2,485,232	$ 2,485,232
1	IIL	ITEQ (WX)	Accounts receivable - related parties and other receivables - related parties	Yes	US$ 15,830 thousand	US$ 11,527 thousand	US$ 11,527 thousand	-	Short-term financing	-	Operating capital	-	-	-	846,026	846,026
2	ITEQ (DG)	ITEQ (JX)	Accounts receivable - related parties and other receivables - related parties	Yes	RMB 200,000 thousand	RMB 200,000 thousand	RMB 200,000 thousand	1.5	Short-term financing	-	Operating capital	-	-	-	2,485,232	2,485,232
3	ITEQ (WX)	ITEQ (JX)	Accounts receivable - related parties and other receivables - related parties	Yes	RMB 4,543 thousand	RMB - thousand	RMB - thousand	-	Short-term financing	-	Operating capital	-	-	-	2,485,232	2,485,232
		IIL	Accounts receivable - related parties and other receivables - related parties	Yes	RMB 58,965 thousand	RMB 55,173 thousand	RMB 55,173 thousand	-	Short-term financing	-	Operating capital	-	-	-	2,485,232	2,485,232
		ITEQ (JX)	Accounts receivable - related parties and other receivables - related parties	Yes	RMB 300,000 thousand	RMB 300,000 thousand	RMB 300,000 thousand	1.5	Short-term financing	-	Operating capital	-	-	-	2,485,232	2,485,232
4	HK	ITEQ (WX)	Accounts receivable - related parties and other receivables - related parties	Yes	US$ 388 thousand	US$ - thousand	US$ - thousand	-	Short-term financing	-	Operating capital	-	-	-	2,485,232	2,485,232
		ESIC	Accounts receivable - related parties and other receivables - related parties	Yes	US$ 300 thousand	US$ - thousand	US$ - thousand	1.5	Short-term financing	-	Operating capital	-	-	-	2,485,232	2,485,232
5	IPL	ITEQ (JX)	Accounts receivable - related parties and other receivables - related parties	Yes	US$ 556 thousand	US$ - thousand	US$ - thousand	-	Short-term financing	-	Operating capital	-	-	-	161,823	161,823

Note 1: Not exceeding 20% and 40% of the latest net assets of the Company reviewed by auditors.

Note 2: Lower of 600% of the latest net assets of ITEQ subsidiaries audited or reviewed by auditors or 20% of the latest audited or reviewed net assets of the Company.

ITEQ CORPORATION

ENDORSEMENT/GUARANTEE PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Notes 1 and 2)	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Property, Plant and Equipment	Ratio of Accumulated Endorsement/ Guarantee to Net Equity of the Latest Financial Statement	Maximum Endorsement/ Guarantee Amount Allowable (Notes 1 and 2)	Endorsement/ Guarantee Provided by Parent	Endorsement/ Guarantee Provided by Subsidiaries	Endorsement/ Guarantee Provided to Subsidiaries in Mainland China
		Name	Relationship										
0	ITEQ Corporation	IIL, IPL	Indirect holding 100% by subsidiary	$ 12,426,160	$ 300,000 (Note 3)	$ 300,000	$ -	$ -	2.41%	$ 12,426,160	Y	N	N
		IIL	Indirect holding 100% by subsidiary	12,426,160	1,185,790 (Note 3)	1,011,040	115,000	-	8.14%	12,426,160	Y	N	N
		IPL	Indirect holding 100% by subsidiary	12,426,160	2,786,805 (Note 3)	2,748,320	1,498,608	-	22.12%	12,426,160	Y	N	N
		ITEQ (WX)	Indirect holding 100% by subsidiary	12,426,160	242,000 (Note 3)	-	-	-	0.00%	12,426,160	Y	N	Y
		ITEQ (DG)	Indirect holding 100% by subsidiary	12,426,160	854,400 (Note 3)	854,400	-	-	6.88%	12,426,160	Y	N	Y

Note 1: 100% of the latest audited or reviewed equity of the Company.

Note 2: Not exceeding 300% of the latest net assets of ITEQ subsidiaries audited or reviewed by auditors.

Note 3: Bank guarantee amount obtained by jointly issuing bills.

TABLE 3

ITEQ CORPORATION

MARKETABLE SECURITIES HELD
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company (Note 2)	Financial Statement Account	December 31, 2020				Note
				Shares (Thousands)	Carrying Amount	Percentage of Ownership	Fair Value	
ITEQ Corporation	Shares							
	Bon-In Biologic Technology Company	-	Financial assets at FVTPL - current	100	$ -	5.00	$ -	
	TMY Technology Inc.	-	Financial assets at FVTOCI - non-current	357	10,000	1.10	10,000	
Bon Mou Investment Co.	Shares							
	Mortech Corporation	-	Financial assets at FVTPL - current	500	5,696	0.95	5,696	
	Big Sun Energy Technology Inc.	-	Financial assets at FVTPL - non-current	887	-	0.44	-	
	Ding Mou Corporation	-	Financial assets at FVTPL - non-current	100	-	0.43	-	
	TIEF Fund, L.P.	-	Financial assets at FVTOCI - non-current	-	27,655	4.84	27,655	

Note 1: Marketable securities were shares, bonds, beneficiary certificates and others within the scope of IFRS 9 "Financial Instruments".

Note 2: Refer to Tables 6 and 7 for the information on subsidiaries and associates.

ITEQ CORPORATION

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
ITEQ	ITEQ (DG)	Indirect holding 100% by subsidiary	Purchase	$ 269,264	8	-	$ -	-	$ (3,821)	-	
ITEQ (DG)	ITEQ	Indirect holding 100% by subsidiary	Sale	(269,264)	(3)	-	-	-	3,821	-	
ITEQ	ITEQ (DG)	Indirect holding 100% by subsidiary	Sale	(1,576,798)	(30)	-	-	-	430,884	33	
ITEQ (DG)	ITEQ	Indirect holding 100% by subsidiary	Purchase	1,576,798	18	-	-	-	(430,884)	(16)	
ITEQ	ITEQ (WX)	Indirect holding 100% by subsidiary	Purchase	528,837	16	-	-	-	(249,643)	(31)	
ITEQ (WX)	ITEQ	Indirect holding 100% by subsidiary	Sale	(528,837)	(5)	-	-	-	249,643	11	
ITEQ	ITEQ (WX)	Indirect holding 100% by subsidiary	Sale	(1,291,196)	(25)	-	-	-	328,864	25	
ITEQ (WX)	ITEQ	Indirect holding 100% by subsidiary	Purchase	1,291,196	14	-	-	-	(328,864)	(10)	
ITEQ (DG)	IPL	Same parent company	Sale	(256,650)	(3)	-	-	-	31,854	1	
IPL	ITEQ (DG)	Same parent company	Purchase	256,650	21	-	-	-	(31,854)	(9)	
ITEQ (DG)	ITEQ (GZ)	Same parent company	Sale	(1,551,503)	(16)	-	-	-	332,552	8	
ITEQ (GZ)	ITEQ (DG)	Same parent company	Purchase	1,551,503	34	-	-	-	(332,552)	(31)	
	ITEQ (DG)	Same parent company	Sale	(1,288,796)	(25)	-	-	-	349,810	14	
ITEQ (DG)	ITEQ (GZ)	Same parent company	Purchase	1,288,796	15	-	-	-	(349,810)	(13)	
ITEQ (GZ)	IPL	Same parent company	Sale	(136,100)	(3)	-	-	-	25,848	1	
IPL	ITEQ (GZ)	Same parent company	Purchase	136,100	11	-	-	-	(25,848)	(8)	
	ITEQ (GZ)	Same parent company	Sale	(541,477)	(43)	-	-	-	221,331	16	
ITEQ (GZ)	IPL	Same parent company	Purchase	541,477	12	-	-	-	(221,331)	(20)	
IPL	ITEQ (DG)	Same parent company	Sale	(388,861)	(31)	-	-	-	53,305	4	

(Continued)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
ITEQ (DG)	IPL	Same parent company	Purchase	$ 388,861	4	-	$ -	-	$ (53,305)	(2)	
IIL	ITEQ (WX)	Same parent company	Sale	(451,809)	(42)	-	-	-	638,826	69	
ITEQ (WX)	IIL	Same parent company	Purchase	451,809	5	-	-	-	(638,826)	(20)	
	IIL	Same parent company	Sale	(640,491)	(6)	-	-	-	567,203	11	
IIL	ITEQ (WX)	Same parent company	Purchase	640,491	60	-	-	-	(567,203)	(89)	
ITEQ (WX)	ITEQ (DG)	Same parent company	Sale	(329,070)	(3)	-	-	-	69,160	1	
ITEQ (DG)	ITEQ (WX)	Same parent company	Purchase	329,070	4	-	-	-	(69,160)	(3)	
ITEQ (JX)	ITEQ (DG)	Same parent company	Sale	(2,124,417)	(73)	-	-	-	965,586	76	
ITEQ (DG)	ITEQ (JX)	Same parent company	Purchase	2,124,417	24	-	-	-	(965,586)	(36)	
ITEQ	ITEQ (JX)	Indirect holding 100% by subsidiary	Sale	(333,445)	(6)	-	-	-	59,764	5	
ITEQ (JX)	ITEQ	Indirect holding 100% by subsidiary	Purchase	333,445	13	-	-	-	(59,764)	(8)	
IPL	ITEQ (JX)	Same parent company	Sale	(101,283)	(8)	-	-	-	1,067,273	79	
ITEQ (JX)	IPL	Same parent company	Purchase	101,283	4	-	-	-	(1,067,273)	(3)	
ITEQ (WX)	ITEQ (JX)	Same parent company	Sale	(141,588)	(1)	-	-	-	16,907	-	
ITEQ (JX)	ITEQ (WX)	Same parent company	Purchase	141,588	6	-	-	-	(16,907)	(2)	
	ITEQ (WX)	Same parent company	Sale	(636,948)	(22)	-	-	-	177,375	14	
ITEQ (WX)	ITEQ (JX)	Same parent company	Purchase	636,948	7	-	-	-	(177,375)	(6)	
ITEQ (JX)	ITEQ (HJ)	Same parent company	Sale	(154,590)	(5)	-	-	-	28,587	2	
ITEQ (HJ)	ITEQ (JX)	Same parent company	Purchase	154,590	30	-	-	-	(28,587)	(31)	

Note 1: The transactions with ITEQ (DG) were made through IPL. The transactions with ITEQ (WX) were made through IIL.

Note 2: The selling prices and collection terms for products sold to related parties were similar to those products sold to third parties.

(Concluded)

TABLE 5

ITEQ CORPORATION

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20 OF THE PAID-IN CAPITAL
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance (Note)	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment
					Amount	Actions Taken		
IIL	ITEQ (WX)	Same parent company	$ 638,826	-	$ -	-	$ 197,062	$ -
IPL	ITEQ (GZ)	Same parent company	221,331	-	-	-	169,811	-
ITEQ	ITEQ (DG)	Indirect holding 100% by subsidiary	430,884	-	-	-	132,831	-
	ITEQ (WX)	Indirect holding 100% by subsidiary	328,864	-	-	-	180,651	-
ITEQ (JX)	ITEQ (DG)	Same parent company	965,586	-	-	-	457,215	-
ITEQ (DG)	ITEQ (GZ)	Same parent company	332,552	-	-	-	332,552	-
ITEQ (WX)	IIL	Same parent company	567,203	-	-	-	139,509	-
ITEQ (GZ)	ITEQ (DG)	Same parent company	349,810	-	-	-	349,810	-
IIL	ITEQ	Indirect holding 100% by subsidiary	248,463	-	-	-	198,240	-
ITEQ (JX)	ITEQ (WX)	Same parent company	177,375	-	-	-	171,282	-
IPL	ITEQ (JX)	Same parent company	1,067,273	-	-	-	31,047	-

ITEQ CORPORATION

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2020
- **(In Thousands of New Taiwan Dollars, Unless State Otherwise)**

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		As of December 31, 2020			Net Income (Loss) of the Investee	Share of Profits	Note
				December 31, 2020	December 31, 2019	Shares (Thousands)	%	Carrying Amount			
ITEQ Corporation	ITEQ International	Samoa	Investment	US$ 61,719 thousand	US$ 61,719 thousand	18,500	100	$ 14,575,620	$ 2,954,175	$ 2,954,175	Note
	Bon Mou Investment Co.	Hsin Chu, Taiwan	Investment	70,000	70,000	7,000	100	93,012	(17,120)	(17,120)	
ITEQ International	ITEQ Holding	British Cayman Islands	Investment	US$ 61,719 thousand	US$ 61,719 thousand	18,500	100	US$ 507,235 thousand	US$ 100,406 thousand	US$ 100,406 thousand	
ITEQ Holding	ESIC	British Virgin Islands	Investment in PRC	US$ 13,000 thousand	US$ 13,000 thousand	10,750	100	US$ 187,288 thousand	US$ 34,864 thousand	US$ 34,864 thousand	
	IPL	Samoa	Import and export business	US$ 500 thousand	US$ 500 thousand	500	100	US$ 95 thousand	US$ (1,353) thousand	US$ (1,353) thousand	
	IIL	Samoa	Import and export business	US$ 1,000 thousand	US$ 1,000 thousand	1,000	100	US$ 3,972 thousand	US$ (979) thousand	US$ (979) thousand	
	Eagle Great	British Virgin Islands	Investment in PRC	US$ 8,499 thousand	US$ 8,499 thousand	8,499	100	US$ 16,390 thousand	US$ 1,286 thousand	US$ 1,286 thousand	
	ITEQ (HK)	Hong Kong	Investment in PRC	US$ 24,200 thousand	US$ 24,200 thousand	24,200	100	US$ 271,941 thousand	US$ 66,593 thousand	US$ 66,593 thousand	

Note: Information on investees in mainland China is detailed in Table 7.

ITEQ CORPORATION

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investments	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2020	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2020	Net Income (Loss) of the Investee (Note 2)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2020	Accumulated Repatriation of Investment Income as of December 31, 2020
					Outward	Inward						
ITEQ (DG)	Produces and sells prepeg and copper clad lamination	US$ 20,000 thousand	Notes 1 and 4	US$ 13,000 thousand	$ -	$ -	US$ 13,000 thousand	US$ 27,158 thousand	100	US$ 27,158 thousand	US$ 142,137 thousand	$ -
ITEQ (WX)	Produces and sells prepeg and copper clad lamination	US$ 41,000 thousand	Notes 1 and 4	US$ 22,100 thousand	-	-	US$ 22,100 thousand	US$ 53,640 thousand	100	US$ 53,640 thousand	US$ 216,214 thousand	US$ 82,231 thousand
ITEQ (HJ)	Produces and sells mass lamination	US$ 8,499 thousand	Notes 1 and 4	US$ 8,286 thousand	-	-	US$ 8,286 thousand	US$ 1,285 thousand	100	US$ 1,285 thousand	US$ 15,848 thousand	-
ITEQ (GZ)	Produces and sells prepeg and copper clad lamination	US$ 23,700 thousand	Note 1	US$ 16,200 thousand	-	-	US$ 16,200 thousand	US$ 12,969 thousand	100	US$ 12,969 thousand	US$ 83,236 thousand	US$ 16,660 thousand
ITEQ (JX)	Produces and sells prepeg and copper clad lamination	US$ 50,800 thousand	Notes 1 and 4	-	-	-	-	US$ 5,861 thousand	100	US$ 5,861 thousand	US$ 92,703 thousand	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
US$59,586 thousand	US$80,400 thousand	$8,036,192 (Note 3)

Note 1: Investment in China through incorporating an overseas company.

Note 2: Investment income (loss) was based on financial statements audited by the parent company’s auditors.

Note 3: The Company’s net asset value or 60% of the consolidated net asset value is based on the regulation issued on August 29, 2008 by the Investment Commission under the Ministry of Economic Affairs.

Note 4: ITEQ (JX) was invested by ESIC, ITEQ (DG), ITEQ (WX). Other companies were invested by the Company by incorporating an overseas company and by the overseas company’s own funds.

TABLE 8

ITEQ CORPORATION

INFORMATION ON MAJOR SHAREHOLDERS
DECEMBER 31, 2020

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
WIN Semiconductors Corp.	30,393,011	9.12
Fu Cun Construction Co.	29,915,038	8.98
Tian He Xing Ye Corp.	25,014,465	7.51
TenTang Industrial Co.	22,332,507	6.70
The special account of the second 2018 new labor pension fund discretionary investment by capital securities	21,796,905	6.54

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual truster who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.

ITEQ CORPORATION

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

STATEMENT 1

ITEQ CORPORATION

STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Remark	Amount
Cash		$ 82
Demand deposits		153,010
Foreign currency deposits	US$7,282 thousand exchange rate 28.48	207,379
	EUR983 thousand exchange rate 35.02	34,430
	HK$146 thousand exchange rate 3.67	535
	JPY453 thousand exchange rate 0.28	125
	RMB1,565 thousand exchange rate 4.36	6,832
		$ 402,393

ITEQ CORPORATION

STATEMENT OF NOTES RECEIVABLE
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Client's Name	Amount
Non-related party	
Company A	$ 29,392
Company B	19,621
Others (Note)	4,409
	$ 53,422

Note: The amount of each item does not exceed 5% of the account balance.

ITEQ CORPORATION

STATEMENT OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Client's Name	Amount
Non-related party	
Company A	$ 72,936
Company B	47,732
Company C	36,551
Company D	32,324
Company E	29,749
Company F	21,254
Company G	19,706
Others (Note)	163,348
	423,600
Less: Allowance for uncollectible accounts - accounts receivable	98
	$ 423,502

Note: The amount of each item does not exceed 5% of the account balance.

STATEMENT 4

ITEQ CORPORATION

STATEMENT OF OTHER RECEIVABLES
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Item	Amount
Other receivables - factored accounts receivable	
Taishin Bank	$ 36,314
KGI Commercial Bank	1,979
	38,293
Other receivables - others	16,251
	$ 54,544

STATEMENT 5

ITEQ CORPORATION

STATEMENT OF INVENTORIES
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Item	Amount	
	Book Value	Net Realizable Value
Finished goods	$ 141,539	$ 116,081
Work in process	1,699	1,699
Raw materials	608,208	542,729
Supplies	3,136	3,136
Good in transit	64	64
	$ 754,646	$ 663,709

ITEQ CORPORATION

STATEMENT OF INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

	Balance, January 1, 2020		Decrease						Balance, December 31, 2020				
Name	Share (In Thousands)	Amount	Share (In Thousands)	Amount	Investments Accounted for Using Equity Method	Recognize Subsidiary's Gain on Available for Financial Products	Financial Guarantee Contracts	Cumulative Translation Adjustment	Share (In Thousands)	Percentage of Ownership (%)	Amount	Fair Value	Note
Bon Mou Investment Co.	7,000	$ 145,212	-	$ (34,930)	$ (17,120)	$ (150)	$ -	$ -	7,000	100	$ 93,012	$ 93,012	
ITEQ International, Ltd.	18,500	11,744,189	-	(299,412)	2,954,175	-	3,413	173,255	18,500	100	14,575,620	14,439,542	Note 3
		$ 11,889,401		$ (334,342)	$ 2,937,055	$ (150)	$ 3,413	$ 173,255			$ 14,668,632	$ 14,532,554	

Note 1: There is no pledge and mortgage in the equity investment.

Note 2: The equity was calculated based on the financial statements which have been audited during the same period.

Note 3: The difference between the book value and the equity was recognized as $21,504 thousand of financial guarantee contracts of endorsements/guarantees provided by the subsidiaries and $114,574 thousand of the estimated tax of the surplus repatriation.

Note 4: Decreasing amount in the current year is the $366,132 thousand declaration of dividends issued by the subsidiaries and $(31,790) thousand of realized gross profit of downstream transactions.

STATEMENT 7

ITEQ CORPORATION

STATEMENT OF RIGHT-OF-USE ASSETS
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Item	Balance, January 1, 2020	Increase	Balance, December 31, 2020	Note
Cost				
Buildings	$ 287,425	$ 1,376	$ 288,801	
Depreciation charge for right-of-use assets				
Buildings	$ 29,400	$ 29,553	$ 58,953	
	$ 258,025		$ 229,848	

ITEQ CORPORATION.

STATEMENT OF SHORT-TERM AND LONG-TERM LOANS
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Loan Type and Creditor	Loan Period	Annual Rate (%)	Balance	Loan Commitments	Mortgage or Guarantee
Short-term debt					
E.SUN Bank	2020/12/04-2021/01/04	0.85	$ 450,000	$ 500,000	NA
Taishin Bank	2020/12/30-2021/01/29	0.86	140,000	600,000	NA
Yuanta Bank	2020/12/03-2021/03/03	0.85	100,000	300,000	NA
Fubon Bank	2020/12/25-2021/02/25	0.87	400,000	427,200	NA
Citybank	2020/11/27-2021/02/25	0.85	200,000	341,760	NA
Bank of Taiwan	2020/11/18-2021/02/10	0.88	100,000	470,880	NA
			$ 1,390,000	$ 2,639,840	
Long-term debt (including within one year)	2014/08/29-2021/08/15	0.64	$ 88,235	$ 88,235	NA
O-Bank	2019/08/16-2021/08/16	0.94	470,000	700,000	NA
KGI Commercial Bank	2019/05/24-2022/05/24	0.85	500,000	500,000	NA
Agricultural Bank of Taiwan	2019/10/29-2021/10/29	0.72	670,000	712,000	NA
Bank of China					
			$ 1,728,235	$ 2,000,235	

Note: The Company has not exercised the credit limit at the amount of $6,083,235 thousand of the loan and performance guarantees for the year ended December 31, 2020.

ITEQ CORPORATION.

STATEMENT OF SHORT-TERM BILLS PAYABLE
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Item	Contract Period	Annual Rate (%)	Issuing Amount	Unamortized Trade Discount Payable on Commercial Paper	Book Value	Mortgage or Guarantee
Commercial paper						
China Tickets	2020.12.17-2021.01.14	0.858	$ 50,000	$ 15	$ 49,985	-
Less: Commercial paper due within one year				15	49,985	
				$ -	$ -	

ITEQ CORPORATION

STATEMENT OF ACCOUNTS PAYABLE
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Client's Name	Amount
Non-related party	
Company A	$ 97,753
Company B	75,778
Company C	57,981
Company D	47,364
Company E	45,221
Company F	34,858
Company G	28,073
Others (Note)	159,482
	$ 546,510

Note: The amount of each item does not exceed 5% of the account balance.

ITEQ CORPORATION

STATEMENT OF OTHER PAYABLES
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Item	Amount
Employees' compensation payable	$ 264,986
Salaries and wages payable	83,868
Estimated expense payable	32,658
Compensation due to directors and supervisors	44,013
Payables on equipment	9,413
Others	47,607
	$ 482,545

ITEQ CORPORATION

STATEMENT OF OTHER CURRENT LIABILITIES
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Item	Amount
Financial guarantee contracts	$ 21,504
Deferred credits - unrealized gain or loss	25,276
Receipts under custody	1,583
Others	11,763
	$ 60,126

ITEQ CORPORATION

STATEMENT OF LEASE LIABILITIES
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Item	Summary	Lease Period	Discount Rate	Balance, December 31, 2020	Note
Buildings	Offices	2018/1/1-2023/5/31	3.20%	$ 3,086	
	Plants	2013/1/9-2028/12/31	1.60%	221,276	
Less: Due within one year				27,347	
				$ 197,015	

ITEQ CORPORATION

STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Item	Quantity (In Thousands)	Amount
Prepreg	11,870	$ 1,986,681
Copper clad laminate	5,589	2,914,649
Others	1,367	448,891
		5,350,221
Sales returns		(3,450)
Sales discounts		(128,719)
		(132,169)
		$ 5,218,052

ITEQ CORPORATION

STATEMENT OF COST OF GOODS SOLD
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Item	Amount
Direct and indirect material	
Material, beginning	$ 554,738
Material purchased	3,358,483
Used material	(124,340)
Material, ending	(611,344)
	3,177,537
Direct labor	154,137
Manufacturing overhead	470,797
Manufacturing costs	3,802,471
Work in process, beginning	5,921
Work in process, ending	(1,699)
Finished goods costs	3,806,693
Finished goods, beginning	202,567
Purchased goods costs	801,303
Reclassified to sample expense	(28,455)
Used finished goods	(11,957)
Finished goods, ending	(141,539)
Others	(26,076)
	4,602,536
Revenue on sells the scraps	(24,004)
Inventory write-downs	48,757
	$ 4,627,289

ITEQ CORPORATION

STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Item	Selling and Marketing Expenses	General and Administrative Expenses	Research and Development Expenses	Amount
Salaries and bonus	$ 8,385	$ 247,042	$ 56,420	$ 311,847
Commission expense	15,011	-	-	15,011
Sample expense	4,841	-	23,614	28,455
Inspection and test expense	-	2,013	16,623	18,636
Depreciation expense	17	35,469	19,896	55,382
Compensation due to directors and supervisors	-	44,283	-	44,283
Used material	178	-	82,613	82,791
Shipping expenses	65,400	153	303	65,856
Others (Note)	30,539	116,948	38,830	186,317
	$ 124,371	$ 445,908	$ 238,299	$ 808,578

Note: The amount of each item does not exceed 5% of the amount of account balance.

ITEQ CORPORATION

STATEMENT OF LABOR, DEPRECIATION AND AMORTIZATION BY FUNCTION
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020			2019		
	Classified as Cost of Revenue	Classified as Operating Expenses	Total	Classified as Cost of Revenue	Classified as Operating Expenses	Total
Labor cost						
Salary and bonus	$ 220,945	$ 311,847	$ 532,792	$ 202,374	$ 265,500	$ 467,874
Labor and health insurance	17,914	14,961	32,875	17,514	12,840	30,354
Pension	7,334	6,599	13,933	7,162	5,644	12,806
Remuneration of directors	-	44,283	44,283	-	27,591	27,591
Others	15,382	41,153	56,535	15,856	5,405	21,261
	$ 261,575	$ 418,843	$ 680,418	$ 242,906	$ 316,980	$ 559,886
Depreciation	$ 175,875	$ 55,382	$ 231,257	$ 180,486	$ 51,098	$ 231,584
Amortization	$ 2,630	$ 1,673	$ 4,303	$ 1,028	$ 1,692	$ 2,720

Note 1: As of December 31, 2020 and 2019, the Company had 468 and 432 employees, respectively. There were 5 and 6 non-employee directors for 2020 and 2019.

Note 2: Companies whose shares are listed on the Taiwan Stock Exchange or the Taipei Exchange should disclose the following additional information:

a. The average employee welfare expense for the current year is $1,374 thousand. The average employee welfare expense for the previous year is $1,250 thousand.

b. The average employee salary expenses for the current year is $1,151 thousand. The average salary of the previous year is $1,098 thousand.

c. Average employee salary expense reduced by 4.76%.

d. The Company has established an audit committee, and the remuneration of independent directors has been incorporated into the remuneration of the directors for disclosure.

e. The Company’s salary and remuneration policy (including directors, managers and employees)

1. Directors: The remuneration of the directors of the Company, according to the Company’s articles of association, the compensation committee makes recommendations to the board of directors for the reference of the board of directors, and authorizes the board of directors to follow the directors’ participation in the Company’s operations, the value of their contributions, and reference to the usual standards of the same trade concerned. If the directors are both employees, remuneration will be paid in accordance with the following regulations for managers and employees.

2. Managers: The remuneration of the Company’s managers is in accordance with the Company’s articles of association, including salary, bonuses and employee remuneration, agreed with the position, the responsibilities and the contribution to the Company, and reference to the usual standards of the same trade concerned, After review by the compensation committee, submit it to the board of directors for approval before implementation.

3. Employees: The salary of the employees is based on the salary payment standards and their academic experience, professional knowledge, technology and professional experience. There is no difference due to their age, gender, race, religion, political slant, and marital status. Bonuses are determined based on the Company’s operational performance and employees’ personal performance. Salary payment standards are determined with reference to the market pay, company operating conditions and organizational structure, and adjusted in a timely manner based on market pay dynamics, changes in the overall economic and prosperity, and government regulations.

4. Employee remuneration and remuneration of directors and supervisors: According to the Company’s articles of association, the Company shall allocate at least 2% and no more than 2% of the pre-tax benefits of the current year before deducting the remuneration of employees and directors and supervisors, respectively.