

ITEQ Corporation and Subsidiaries

**Consolidated Financial Reports and
Independent Auditors' Review Report**

For the Three Months Ended March 31, 2021 and 2020

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Independent Auditors' Review Report

To ITEQ Corporation:

Preface

We have reviewed the accompanying consolidated financial statements of ITEQ Corporation and its subsidiaries (hereinafter collectively referred to as the "Group") as of March 31, 2021 and 2020 and the consolidated statements of comprehensive income, changes in equity and cash flows for the three-month periods then ended and the notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulation Governing the Presentation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope

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

Basis for Qualified Conclusion

As disclosed in Note 4 to the consolidated financial statements, the financial statements of some non-significant subsidiaries included in the consolidated financial statements referred to in the first paragraph were not reviewed. As of March 31, 2021 and 2020, the combined total assets of these non-significant subsidiaries were NT\$1,550,667 thousand and NT\$4,606,424 thousand,

respectively, representing 5% and 17%, respectively, of the consolidated total assets and the combined total liabilities of these subsidiaries were NT\$1,037,517 thousand and NT\$2,164,973 thousand, respectively, representing 7% and 15%, respectively, of the consolidated total liabilities; for the three months ended March 31, 2021 and 2020, the amounts of combined comprehensive income of these subsidiaries were NT\$13,875 thousand, NT\$(127,602) thousand, respectively, representing 2% and (42%), respectively, of the consolidated total comprehensive income.

Qualified Conclusion

Based on our reviews, except for the adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries and the investees accounted for using the equity method as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not give a true and fair view of the consolidated financial position of the Group as of March 31, 2021 and 2020, its consolidated financial performance for the three months ended March 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2021 and 2020 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting."

Deloitte & Touche

CPA Chen-Hsiu, Yang

CPA Po-Jen, Weng

The Financial Supervisory Commission

R.O.C. Approved No.

Jing Guang Zheng Shen No.

0980032818

The Financial Supervisory Commission

R.O.C. Approved No.

Jing Guang Zheng Shen No. 1010028123

May 4, 2021

ITEQ Corporation and Subsidiaries
Consolidated Balance Sheets
March 31, 2021, December 31, 2020 and March 31, 2020

Unit: NTD thousand

Code	Asset	March 31, 2021 (Reviewed)		December 31, 2020 (Audited)		March 31, 2020 (Reviewed)	
		Amount	%	Amount	%	Amount	%
CURRENT ASSETS							
1100	Cash and cash equivalents (Note 6)	\$ 3,511,462	12	\$ 3,287,134	13	\$ 7,033,960	26
1110	Financial assets at FVITPL - current (Note 7)	5,921	-	5,696	-	68,998	-
1170	Net accounts receivable and notes receivable (Note 8)	11,114,928	38	10,813,071	42	9,756,593	36
1200	Other receivables (Note 26)	153,884	-	89,485	-	193,379	1
1220	Current tax assets	911	-	911	-	-	-
130X	Inventories - net (Note 9)	3,888,254	13	3,243,143	13	3,452,294	13
1479	Other current assets (Note 14)	1,361,126	5	1,165,187	4	943,849	3
11XX	Total current assets	<u>20,036,486</u>	<u>68</u>	<u>18,604,627</u>	<u>72</u>	<u>21,449,073</u>	<u>79</u>
NON-CURRENT ASSETS							
1517	Financial assets at fair value through other comprehensive income - non-current (Note 10)	36,818	-	37,655	-	27,350	-
1600	Property, plant and equipment (Note 11)	6,089,519	21	4,529,625	18	4,137,649	15
1755	Right-of-use assets (Notes 12 and 27)	355,253	1	370,720	1	411,368	2
1780	Intangible assets (Note 13)	8,698	-	8,713	-	11,909	-
1840	Deferred tax assets	211,979	1	193,380	1	251,697	1
1990	Other non-current assets (Notes 14 and 27)	2,611,145	9	1,939,658	8	868,057	3
15XX	Total non-current assets	<u>9,313,412</u>	<u>32</u>	<u>7,079,751</u>	<u>28</u>	<u>5,708,030</u>	<u>21</u>
1XXX	Total assets	<u>\$ 29,349,898</u>	<u>100</u>	<u>\$ 25,684,378</u>	<u>100</u>	<u>\$ 27,157,103</u>	<u>100</u>
LIABILITIES AND EQUITY							
CURRENT LIABILITIES							
2100	Short-term borrowings (Note 15)	\$ 1,649,670	6	\$ 2,231,446	9	\$ 3,660,588	14
2110	Short-term bills payable - net (Note 15)	-	-	49,985	-	390,000	2
2170	Accounts payable and notes payable	6,914,191	23	4,857,717	19	6,055,095	22
2219	Other payables (Note 16)	3,532,412	12	1,744,610	7	1,311,246	5
2230	Current tax liabilities	782,603	3	870,907	4	950,662	4
2250	Provisions for liabilities - current (Note 17)	27,776	-	31,619	-	22,462	-
2280	Lease liabilities - non-current (Notes 12 and 27)	55,099	-	54,788	-	52,489	-
2320	Current portion of long-term borrowings (Note 15)	58,824	-	88,235	-	117,647	-
2399	Other current liabilities (Note 20)	45,992	-	49,454	-	61,641	-
21XX	Total current liabilities	<u>13,066,567</u>	<u>44</u>	<u>9,978,761</u>	<u>39</u>	<u>12,621,830</u>	<u>47</u>
Non-current liabilities							
2580	Lease liabilities - non-current (Notes 12 and 27)	262,977	1	277,342	1	316,309	1
2540	Long-term borrowings, net of the current portion (Note 15)	1,640,000	6	1,640,000	6	1,258,824	5
2570	Deferred tax liabilities	376,532	1	358,118	2	367,336	1
2645	Guarantee deposits received	32,303	-	36,503	-	33,992	-
25XX	Total non-current liabilities	<u>2,311,812</u>	<u>8</u>	<u>2,311,963</u>	<u>9</u>	<u>1,976,461</u>	<u>7</u>
2XXX	Total liabilities	<u>15,378,379</u>	<u>52</u>	<u>12,290,724</u>	<u>48</u>	<u>14,598,291</u>	<u>54</u>
Equity							
Equity attributable to the Company (Notes 19 and 24)							
3100	Share capital	3,329,572	11	3,329,572	13	3,329,572	12
3200	Capital surplus	3,682,051	13	3,682,051	14	3,682,051	13
Retained earnings							
3310	Legal reserve	1,618,630	6	1,618,630	7	1,372,300	5
3320	Special reserve	583,390	2	583,390	2	205,680	1
3350	Unappropriated earnings	5,267,488	18	4,624,947	18	4,625,548	17
3300	Total retained earnings	<u>7,469,508</u>	<u>26</u>	<u>6,826,967</u>	<u>27</u>	<u>6,203,528</u>	<u>23</u>
3400	Other equities	(509,612)	(2)	(444,936)	(2)	(656,339)	(2)
3XXX	Total equity	<u>13,971,519</u>	<u>48</u>	<u>13,393,654</u>	<u>52</u>	<u>12,558,812</u>	<u>46</u>
Total liabilities and equity		<u>\$ 29,349,898</u>	<u>100</u>	<u>\$ 25,684,378</u>	<u>100</u>	<u>\$ 27,157,103</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements
(Please see the Review Report of Deloitte & Touche on May 4, 2021)

Chairman: Chin-Tsai, Chen

Manager: Hsin-Hui, Tsai

Accounting Supervisor: Jung-Tsan, Chou

ITEQ Corporation and Subsidiaries
Consolidated Statements of Comprehensive Income
For the Three Months Ended March 31, 2021 and 2020

(Reviewed after Re-statement, Not Audited)

In Thousands of New Taiwan Dollars, Except Earnings Per Share

Code		For the three months ended March 31, 2021		For the three months ended March 31, 2020	
		Amount	%	Amount	%
4000	Operating revenue (Note 20)	\$ 7,396,536	100	\$ 5,618,217	100
5000	Cost of sales (Notes 9 and 21)	<u>6,026,482</u>	<u>81</u>	<u>4,559,767</u>	<u>81</u>
5900	GROSS PROFIT	<u>1,370,054</u>	<u>19</u>	<u>1,058,450</u>	<u>19</u>
	Operating expenses (Notes 21 and 27)				
6100	Selling and marketing expenses	151,893	2	121,066	2
6200	General and administrative expenses	244,812	3	248,390	5
6300	Research and development expenses	102,036	2	96,747	2
6450	Expected credit loss	<u>4,346</u>	<u>-</u>	<u>-</u>	<u>-</u>
6000	Total operating expenses	<u>503,087</u>	<u>7</u>	<u>466,203</u>	<u>9</u>
6900	PROFIT FROM OPERATIONS	<u>866,967</u>	<u>12</u>	<u>592,247</u>	<u>10</u>
	Non-operating income and expenses (Notes 21 and 27)				
7010	Other income	14,380	-	20,305	-
7050	Financial costs	(22,037)	-	(23,857)	-
7020	Other gains or losses	(<u>16,333</u>)	<u>-</u>	(<u>76,669</u>)	(<u>1</u>)
7000	Total non-operating income and expenses	(<u>23,990</u>)	<u>-</u>	(<u>80,221</u>)	(<u>1</u>)
7900	Income before taxation	842,977	12	512,026	9
7950	Income tax expenses (Note 22)	<u>200,436</u>	<u>3</u>	<u>134,608</u>	<u>2</u>
8200	Current period net profit	<u>642,541</u>	<u>9</u>	<u>377,418</u>	<u>7</u>

(To be Continued)

(Continued)

Code		For the three months ended March 31, 2021		For the three months ended March 31, 2020	
		Amount	%	Amount	%
	OTHER COMPREHENSIVE INCOME				
8310	Items that will not be reclassified subsequently to profit or loss				
8316	Unrealized gains (losses) from investments in equity instrument measured at fair value through other comprehensive income (Note 19)	(\$ 837)	-	(\$ 1,155)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (Notes 19 and 22)	119	-	230	-
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation (Note 19)	(79,948)	(1)	(90,030)	(2)
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (Notes 19 and 22)	<u>15,990</u>	<u>-</u>	<u>18,006</u>	<u>-</u>
8300	Other comprehensive income of the current year (net amount after-tax)	<u>(64,676)</u>	<u>(1)</u>	<u>(72,949)</u>	<u>(2)</u>
8500	Total comprehensive income of the current period	<u>\$ 577,865</u>	<u>8</u>	<u>\$ 304,469</u>	<u>5</u>
	NET PROFIT ATTRIBUTABLE TO:				
8610	Owners of the Company	<u>\$ 642,541</u>	<u>9</u>	<u>\$ 377,418</u>	<u>7</u>
	TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
8710	Owners of the Company	<u>\$ 577,865</u>	<u>8</u>	<u>\$ 304,469</u>	<u>5</u>
	Earnings per share (Note 23)				
9710	Basic	<u>\$ 1.93</u>		<u>\$ 1.24</u>	
9810	Diluted	<u>\$ 1.92</u>		<u>\$ 1.24</u>	

The accompanying notes are an integral part of the consolidated financial statements
(Please see the Review Report of Deloitte & Touche on May 4, 2021)

Chairman: Chin-Tsai, Chen Manager: Hsin-Hui, Tsai Accounting Supervisor: Jung-Tsan, Chou

ITEQ Corporation and Subsidiaries
Consolidated Statements of Changes Equity
For the Three Months Ended March 31, 2021 and 2020
(Reviewed after Re-statement, Not Audited)

Unit: NTD thousand

Code		Share capital		Capital surplus	Retained earnings (Note 19)			Other equity interest (Note 19)		Total Equity
		Shares (Thousands)	Amount (Note 19)	(Notes 19 and 24)	Legal reserve	Special reserve	Unappropriated earnings	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized gain (loss) on financial assets at FVTOCI	
A1	BALANCE AT JANUARY 1, 2020	302,957	\$ 3,029,572	\$ 653,239	\$ 1,372,300	\$ 205,680	\$ 4,248,130	(\$ 581,111)	(\$ 2,279)	\$ 8,925,531
D1	Net profit for the three months ended March 31, 2020	-	-	-	-	-	377,418	-	-	377,418
D3	Other comprehensive income (loss) for the three months ended March 31, 2020	-	-	-	-	-	-	(72,024)	(925)	(72,949)
D5	Total comprehensive income (loss) for the three months ended March 31, 2020	-	-	-	-	-	377,418	(72,024)	(925)	304,469
E1	Issuance of common stock for cash	30,000	300,000	2,994,216	-	-	-	-	-	3,294,216
N1	Share-based payment due to the issuance of common stock for cash	-	-	34,596	-	-	-	-	-	34,596
Z1	BALANCE AT March 31, 2020	<u>332,957</u>	<u>\$ 3,329,572</u>	<u>\$ 3,682,051</u>	<u>\$ 1,372,300</u>	<u>\$ 205,680</u>	<u>\$ 4,625,548</u>	<u>(\$ 653,135)</u>	<u>(\$ 3,204)</u>	<u>\$ 12,558,812</u>
A1	BALANCE AT JANUARY 1, 2021	332,957	\$ 3,329,572	\$ 3,682,051	\$ 1,618,630	\$ 583,390	\$ 4,624,947	(\$ 442,507)	(\$ 2,429)	\$ 13,393,654
D1	Net profit for the three months ended March 31, 2021	-	-	-	-	-	642,541	-	-	642,541
D3	Other comprehensive income for the three months ended March 31, 2021	-	-	-	-	-	-	(63,958)	(718)	(64,676)
D5	Total comprehensive income for the three months ended March 31, 2021	-	-	-	-	-	642,541	(63,958)	(718)	577,865
Z1	BALANCE AT MARCH 31, 2021	<u>332,957</u>	<u>\$ 3,329,572</u>	<u>\$ 3,682,051</u>	<u>\$ 1,618,630</u>	<u>\$ 583,390</u>	<u>\$ 5,267,488</u>	<u>(\$ 506,465)</u>	<u>(\$ 3,147)</u>	<u>\$ 13,971,519</u>

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

(Please see the Review Report of Deloitte & Touche on May 4, 2021)

Chairman: Chin-Tsai, Chen

Manager: Hsin-Hui, Tsai

Accounting Supervisor: Jung-Tsan, Chou

ITEQ Corporation and Subsidiaries
Consolidated Statements of Cash Flows
For the Three Months Ended March 31, 2021 and 2020
(Reviewed after Re-statement, Not Audited)

Unit: NTD thousand

Code		For the three months ended March 31, 2021	For the three months ended March 31, 2020
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Income before income tax	\$ 842,977	\$ 512,026
A20010	Adjustments for:		
A20100	Depreciation expenses	217,662	203,493
A29900	Amortization of pre-payments	11,223	6,758
A21900	Share-based compensation	-	34,596
A20300	Expected credit loss	4,346	-
A29900	Reversal of provisions	(3,730)	(573)
A20400	Net (gain) loss on financial assets at FVTPL	(225)	24,021
A20900	Financial costs	22,037	23,857
A21200	Interest income	(3,075)	(8,983)
A22500	Loss on disposal of property, plant and equipment	6,825	3,836
A23700	Loss from impairment of property, plant and equipment	2,638	-
A23800	Losses on inventory valuation loss and obsolescence	16,032	-
A24100	Loss on foreign currency exchange	30,597	33,603
A30000	Changes in operating assets and liabilities		
A31130	Notes receivable	(168,346)	(335,782)
A31150	Accounts receivable	(1,459,926)	627,181
A31180	Other receivables	(64,282)	21,681
A31200	Inventories	(653,020)	(769,365)
A31230	Offset against value-added tax payable	(171,855)	(103,374)
A31240	Other current assets	(20,750)	40,651
A32130	Notes payable	-	1,105
A32150	Accounts payable	1,865,202	(422,891)
A32180	Other payables	1,107,790	1,311
A32230	Other current liabilities	(6,114)	21,740
A33000	Cash inflow (outflow) from operations	1,576,006	(85,109)
A33300	Interest paid	(16,852)	(17,844)
A33500	Income tax paid	(158,119)	(51,720)
AAAA	Net cash inflow (outflow) from operating activities	<u>1,401,035</u>	<u>(154,673)</u>

(To be Continued)

(Continued)

Code		For the three months ended March 31, 2021	For the three months ended March 31, 2020
	Proceeds from sale of financial assets at fair value through profit or loss		
B02700	Payments for property, plant and equipment	(\$ 472,450)	(\$ 54,031)
B02800	Proceeds from disposal of property, plant and equipment	355	4,746
B03700	Increase in refundable deposits	(3,860)	(51,290)
B03800	Decrease in refundable deposits	30,139	523
B06700	Increase in other non-current assets	(25,176)	(57,909)
B07100	Increase in pre-payments for equipment	(1,331,814)	(254,365)
B07500	Interest received	<u>2,799</u>	<u>8,710</u>
BBBB	Net cash used in investing activities	<u>(1,800,007)</u>	<u>(403,616)</u>
	CASH FLOWS FROM FINANCING ACTIVITIES		
C04600	Proceeds from issuance of common stock	-	3,294,216
C04020	Re-payment of the principal portion of lease liabilities	(13,555)	(15,304)
C00200	Net (decrease) increase in short-term borrowings	(579,772)	283,299
C00500	Decrease in short-term bills payable	(50,010)	(366)
C01600	Proceeds from long-term borrowings	-	200,000
C01700	Re-payments of long-term borrowings	(29,411)	(229,411)
C03000	Increase in guarantee deposits received	1,983	16,213
C03100	Decrease in guarantee deposits received	(3,518)	(13,081)
C09900	Decrease in notes receivable	<u>1,361,256</u>	<u>649,082</u>
CCCC	Net cash inflow from financing activities	<u>686,973</u>	<u>4,184,648</u>
DDDD	EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(63,673)</u>	<u>(130,459)</u>
EEEE	NET INCREASE IN CASH AND CASH EQUIVALENTS	224,328	3,495,900
E00100	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>3,287,134</u>	<u>3,538,060</u>
E00200	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 3,511,462</u>	<u>\$ 7,033,960</u>

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

(Please see the Review Report of Deloitte & Touche on May 4, 2021)

Chairman: Chin-Tsai, Chen Manager: Hsin-Hui, Tsai Accounting Supervisor: Jung-Tsan, Chou

ITEQ Corporation and Subsidiaries
 Note to consolidated financial statements
 For the Three Months Ended March 31, 2021 and 2020
 (Reviewed after Re-statement, Not Audited)
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

I. Organization and operations

ITEQ Corporation (hereinafter referred to as the “Company”) was incorporated on April 10, 1997. It manufactures and sells mass lamination boards, copper-clad laminates, pre-products, and electronic components. The Company’s shares have been listed on the Taiwan Stock Exchange (TWSE).

The consolidated financial statements of the Company and its subsidiaries are presented in the Company’s functional currency, the New Taiwan dollar.

II. The Authorization of Financial Statements

The consolidated financial report has been approved by the Board of Directors on May 4, 2021.

III. Application of New and Revised International Financial Reporting Standards

- (I) 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) (hereinafter referred to collectively as the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

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

- (II) The IFRSs issued by the International Accounting Standards Board (IASB) but not yet endorsed and issued into effect by the FSC

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB (Note 1)
“Annual Improvements to IFRSs 2018–2020 Cycle”	January 1, 2022 (Note 2)
Amendments to IFRS3 “References 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
Amendments to IFRS 16 “COVID-19-Related Rent Concessions After June 30, 2021 Onward”	April 1, 2021 (Note 8)
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

(To be Continued)

(Continued)

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB (Note 1)
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 periods beginning on or after their respective effective dates.

Note 2: The amendments to IFRS 9 are effective for exchanges or modifications to the terms of financial liabilities that occur in annual reporting periods beginning on or after January 1, 2022; the amendments to IAS 41 "Agriculture" apply to fair value measurements for the annual reporting period beginning on or after January 1, 2022; the amendments to IFRS 1 "First-time Adoption" are retrospectively effective for annual reporting periods beginning on or after January 1, 2022.

Note 3: These amendments are effective for business mergers and asset acquisitions occurring and for financial years covering January 1, 2022 and onwards.

Note 4: These amendments are effective for plant, property and equipment in the location and condition necessary for it to be capable of operating in the manner intended by management after January 1, 2021.

Note 5: These amendments are effective for contracts with all obligations not yet fulfilled all its obligations on or after January 1, 2022.

Note 6: The amendments apply for the annual reporting period beginning on and after January 1, 2023 prospectively.

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

Note 8: The lessee will begin to apply the amendments during the annual reporting period beginning on and after April 1, 2021, and the cumulative effects will be recognized at the beginning of the annual reporting period.

The application of the above-mentioned IFRSs that have been issued by the IASB but have not yet been approved and effective upon promulgation by the FSC is not expected to have any material impact on the Company's account policies. The consolidated entity continues to evaluate how amendments of the above-mentioned standards and interpretations affect its financial position and business performance as of the publication date of this financial report. Outcomes of these assessments will be disclosed upon completion.

IV. Summary of Significant Accounting Policies

(I) Statement of compliance

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

(II) Basis of preparation

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

(III) Basis of consolidation

1. Principles for preparing consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (subsidiaries). When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intra-group transactions, balances, income, and expenses are eliminated in full upon consolidation.

2. Subsidiaries included in consolidated financial statements

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

Investor	Investee	Main Business	% of Ownership		
			March 31, 2021	December 31, 2020	March. 31, 2020
ITEQ Corp	ITEQ International	Investment	100%	100%	100%
	Bou Mou	Investment	100%	100%	100%
ITEQ International	ITEQ Holding	Investment	100%	100%	100%
ITEQ Holding	ESIC	Mainland China	100%	100%	100%
		Re-investment			
	IPL	Import/Export	100%	100%	100%
	IIL	Import/Export	100%	100%	100%
	Eagle Great	Mainland China	100%	100%	100%
		Re-investment			
	ITEQ (HK)	Mainland China Re-investment	100%	100%	100%

(To be Continued)

(Continued)

Investor	Investee	Main Business	% of Ownership		
			March 31, 2021	December 31, 2020	March. 31, 2020
ESIC	ITEQ (DG)	Produces and sells pre-preg products and copper-clad laminates	100%	100%	100%
	ITEQ (JX) (Note)	Produces and sells pre-preg products and copper-clad laminates	100%	100%	100%
ITEQ (HK)	ITEQ (WX)	Produces and sells pre-preg products and copper-clad laminates	100%	100%	100%
	ITEQ (GZ)	Produces and sells pre-preg products and copper-clad laminates	100%	100%	100%
Eagle Great	ITEQ (HJ)	Production and sales of MLBs.	100%	100%	100%

Note: The Group holds a comprehensive shareholding, with 50% held by ESIC, 25% held by ITEQ (DG), and 25% held by ITEQ (WX).

The Company's Board of Directors has resolved and approved to propose to increase the capital of ITEQ (JX) by US\$60,000 thousand, which has been fully received as of March 31, 2021.

For the three months ended March 31, 2021, among the subsidiaries included in the financial report above, except for the financial reports of ITEQ (DG), ITEQ (WX), ITEQ (GZ), and ITEQ (JX) that have been reviewed, other non-significant subsidiaries are not reviewed by Deloitte & Touche.

For the three months ended March 31, 2020, among the subsidiaries included in the financial report above, except for the financial reports of ITEQ (DG), ITEQ (WX) and ITEQ (GZ) that have been reviewed, other non-significant subsidiaries are not reviewed by Deloitte & Touche.

(IV) Other significant accounting policies

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

1. Retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal

year, adjusted for significant market fluctuations since that time and significant plan amendments, settlements or other significant one-off events.

2. Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax. The interim period income tax expense is accrued using the tax rate that would be applicable to expected total annual earnings, that is, the estimated average annual effective income tax rate applied to the pre-tax income of the interim period.

3. Share-based payment arrangements-issuance of common stock for employee share option

In accordance with article 267 of the Company Act, the Group shall keep part of the issued shares for employees' stock options while issuing new common stock for cash. Based on the fair value of the equity-settled transaction on the grant date, the fair value of the service will be recognized as payroll and will adjust the Capital Surplus-Employees Stock Option simultaneously. The Group recognizes the grant date as the date confirming the shares that have been subscribed.

V. Critical Accounting Judgments and Key Sources of Estimation and Uncertainty

Please refer to the Company's consolidated financial statements for the year ended December 31, 2020 for the explanation of critical accounting judgments, key sources of estimates, and uncertainty.

VI. CASH AND EQUIVALENTS

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March. 31, 2020</u>
Cash on hand	\$ 238	\$ 285	\$ 319
Cash in banks	2,436,241	2,107,612	5,067,570
Cash equivalents			
Bank acceptances	1,074,983	1,179,237	1,912,119
Time deposits	-	-	53,952
	<u>\$ 3,511,462</u>	<u>\$ 3,287,134</u>	<u>\$ 7,033,960</u>

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

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March. 31, 2020</u>
Cash in banks	0.00% ~ 1.61%	0.00% ~ 1.61%	0.00% ~ 2.03%
Time deposit	-	-	1.00%

VII. FINANCIAL INSTRUMENTS AT FVTPL

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March. 31, 2020</u>
<u>Current</u>			
Mandatorily at FVTPL			
Securities listed in ROC			
Equity Securities	<u>\$ 5,921</u>	<u>\$ 5,696</u>	<u>\$ 68,998</u>

VIII. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE - NET

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March. 31, 2020</u>
<u>Notes receivable</u>			
At amortized cost	<u>\$ 492,867</u>	<u>\$ 1,689,567</u>	<u>\$ 981,230</u>
<u>Accounts receivable</u>			
At amortized cost			
Gross carrying amount	10,636,660	9,133,845	8,828,726
Less: Allowance for impairment loss	<u>14,599</u>	<u>10,341</u>	<u>53,363</u>
Net amount	<u>10,622,061</u>	<u>9,123,504</u>	<u>8,775,363</u>
Total	<u>\$ 11,114,928</u>	<u>\$ 10,813,071</u>	<u>\$ 9,756,593</u>

The average credit period on sales of goods is 120 days. The Group also has administrative measures to strengthen sales, finance and legal collection procedures for overdue receivables. The Group evaluates the credit quality, determines the credit limit of potential customers according to an internal rating 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 Group's credit risk.

The Group 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 by reference to 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 Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off 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 Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

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

March 31, 2021

	Not Past Due	Less than 30 Days	31 to 90 Days	Past Due Over 91 Days	Assessment of individual impairment losses	Total
Expected credit loss rate	0.04%	4.27%	14.53%	100.00%		
Gross carrying amount	\$ 10,508,976	\$ 104,422	\$ 6,957	\$ -	\$ 16,305	\$ 10,636,660
Loss allowance (lifetime ECLs)	(4,532)	(4,457)	(1,011)	-	(4,599)	(14,599)
Amortized cost	<u>\$ 10,504,444</u>	<u>\$ 99,965</u>	<u>\$ 5,946</u>	<u>\$ -</u>	<u>\$ 11,706</u>	<u>\$ 10,622,061</u>

December 31, 2020

	Not Past Due	Less than 30 Days	31 to 90 Days	Past Due Over 91 Days	Assessment of individual impairment losses	Total
Expected credit loss rate	0.03%	3.00%	5.56%	100.00%		
Gross carrying amount	\$ 9,002,563	\$ 114,637	\$ 9	\$ -	\$ 16,636	\$ 9,133,845
Loss allowance (lifetime ECLs)	(2,278)	(3,440)	-	-	(4,623)	(10,341)
Amortized cost	<u>\$ 9,000,285</u>	<u>\$ 111,197</u>	<u>\$ 9</u>	<u>\$ -</u>	<u>\$ 12,013</u>	<u>\$ 9,123,504</u>

March. 31, 2020

	<u>Not Past Due</u>	<u>Less than 30 Days</u>	<u>31 to 90 Days</u>	<u>Over 91 Days</u>	<u>Total</u>
Expected credit loss rate	0.57%	2.71%	18.18%	100.00%	
Gross carrying amount	\$ 8,710,901	\$ 117,332	\$ 11	\$ 482	\$ 8,828,726
Loss allowance (lifetime ECLs)	(<u>49,703</u>)	(<u>3,176</u>)	(<u>2</u>)	(<u>482</u>)	(<u>53,363</u>)
Amortized cost	<u>\$ 8,661,198</u>	<u>\$ 114,156</u>	<u>\$ 9</u>	<u>\$ -</u>	<u>\$ 8,775,363</u>

Changes in loss provision on accounts receivable:

	<u>For the three months ended March 31, 2021</u>	<u>For the three months ended March 31, 2020</u>
Balance at January 1	\$ 10,341	\$ 71,725
Current provision for impairment	4,346	-
Less: Amounts written off	-	(18,072)
Foreign exchange gains and losses	(<u>88</u>)	(<u>290</u>)
Ending balance	<u>\$ 14,599</u>	<u>\$ 53,363</u>

IX. INVENTORIES - NET

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March. 31, 2020</u>
Finished goods	\$ 737,104	\$ 524,526	\$ 950,393
Work in progress	222,735	187,111	204,027
Raw materials	2,893,320	2,487,105	2,244,455
Inventories in transit	<u>35,095</u>	<u>44,401</u>	<u>53,419</u>
	<u>\$ 3,888,254</u>	<u>\$ 3,243,143</u>	<u>\$ 3,452,294</u>

As of March 31, 2020 and 2019, the cost of inventories recognized as the cost of goods sold were \$6,026,482 thousand and \$4,559,767 thousand, respectively. The inventory valuation and obsolescence losses were \$16,032 thousand and \$0, respectively.

X. Financial assets at FVTOCI

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March. 31, 2020</u>
<u>Non-current</u>			
Domestic investment			
Unlisted company			
TMY Technology			
Inc.	\$ 9,760	\$ 10,000	\$ -
Foreign investments			
TIEF FUND, L.P.			
L.P.	<u>27,058</u>	<u>27,655</u>	<u>27,350</u>
	<u>\$ 36,818</u>	<u>\$ 37,655</u>	<u>\$ 27,350</u>

The Group invests in the equity instruments above for the purpose of medium and long-term investment and therefore has elected to designate said investments as financial assets at FVTOCI.

XI. Property, plant, and equipment

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March. 31, 2020</u>
<u>Book value for each category</u>			
Buildings	\$ 2,107,691	\$ 1,442,128	\$ 1,351,438
Equipment	3,165,237	2,382,798	2,012,094
Transport Equipment	7,554	8,999	3,886
Facilities	247,684	167,741	156,909
Other Equipment	461,442	426,052	479,490
Leased Improvements	<u>99,911</u>	<u>101,907</u>	<u>133,832</u>
	<u>\$ 6,089,519</u>	<u>\$ 4,529,625</u>	<u>\$ 4,137,649</u>

As the property, plant and equipment were left idle due to a decrease in the market demand, the Group estimated that the recoverable amount was less than the carrying amount, and thus recognized the impairment loss of \$2,638 thousand from January 1, 2021 to March 31, 2021.

Except for depreciation and additions recognized, the Group did not have significant disposals and impairment for the three months ended March 31, 2021 and 2020. 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:

Buildings	
Main buildings	15-20 years
Engineering systems	3-8 years

(To be Continued)

(Continued)

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

XII. LEASE ARRANGEMENTS

(I) Right-of-use assets

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Right-of-use assets			
amounts			
Buildings	\$ 314,756	\$ 329,650	\$ 370,164
Land use rights	<u>40,497</u>	<u>41,070</u>	<u>41,204</u>
	<u>\$ 355,253</u>	<u>\$ 370,720</u>	<u>\$ 411,368</u>
		For the three months ended	For the three months ended
		<u>March 31, 2021</u>	<u>March 31, 2020</u>
The additions of the right-of-use assets	<u>\$ -</u>		<u>\$ 1,376</u>
Depreciation charge for right-of-use assets			
Buildings	\$ 11,111		\$ 11,061
Land use rights	<u>3,691</u>		<u>3,641</u>
	<u>\$ 14,802</u>		<u>\$ 14,702</u>

Except for the additions and depreciation expense recognized above, the consolidated company's right-of-use assets have no significant sublease or impairment for the three months ended March 31, 2021 and 2020.

(II) Lease liabilities

	March 31, 2021	December 31, 2020	March. 31, 2020
Lease liabilities amounts			
Current	<u>\$ 55,099</u>	<u>\$ 54,788</u>	<u>\$ 52,489</u>
Non-current	<u>\$ 262,977</u>	<u>\$ 277,342</u>	<u>\$ 316,309</u>

The range of discount rate for lease liabilities was as follows:

	March 31, 2021	December 31, 2020	March. 31, 2020
Buildings	1.60%~4.90%	1.60%~4.90%	1.60%~4.90%

(III) Material lease-in activities and terms

The Group leases certain land, plants and office spaces with a lease term from August 2012 to December 2028. The lease contract for land located in Taiwan specifies that lease payments will be adjusted every year based on changes in the consumer price index. The Group does not have bargain purchase options to acquire the leasehold land, plants and office spaces at the end of the lease term.

ITEQ (DG) obtained the land use right of 17,919.5 m² in Beizha Village, Humen Town, Dongguan City in 2002, and the amortization of the right is 30 years. ITEQ (WX) obtained both land use rights of 76,002 m² and 15,432 m² in Xishan Economic & Technological Development Zone, Wuxi 2004 and 2005, and the amortization of the right is 50 years. ITEQ (GZ) obtained the land use right of 18,508 m² in Yonghe Economic Zone, Guangzhou Economic and Technological Development Zone in 2009, and the amortization of the right is 50 years. ITEQ (JX) obtained the land use right of 163,680 m² in Longnan County, JiangXi in 2018, and the amortization of the right is 50 years.

The Group leases land for the use of product manufacturing in China with a lease term from 30 to 50 years. The lease payment is paid at the time of the contract. The Group does not have bargain purchase options to acquire the leasehold land at the end of the lease terms.

In February 2019, the Group received a government grant of \$54,170 thousand for land use rights. The amount was deducted from the carrying amount of the related asset and subsequently transferred to profit or loss (by way of a reduced depreciation expense) over the useful life of the related asset.

(IV) Other lease information

	For the three months ended March 31, 2021	For the three months ended March 31, 2020
Expenses relating to short-term leases and low-value asset leases	\$ <u>10,633</u>	\$ <u>11,150</u>
Total cash outflow for leases	(\$ <u>26,341</u>)	(\$ <u>26,454</u>)

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

XIII. Intangible assets

	March 31, 2021	December 31, 2020	March. 31, 2020
Goodwill	\$ <u>8,698</u>	\$ <u>8,713</u>	\$ <u>11,909</u>

Goodwill refers to the excess of the purchase price over the fair market value of the proportionate share in the net identifiable assets of ESIC.

XIV. OTHER ASSETS

Other current assets

	March 31, 2021	December 31, 2020	March. 31, 2020
Offset against value-added tax payable	\$ 1,224,803	\$ 1,062,234	\$ 847,500
Pre-payment for purchases	38,757	12,608	11,833
Pre-payments and others	<u>97,566</u>	<u>90,345</u>	<u>84,516</u>
	<u>\$ 1,361,126</u>	<u>\$ 1,165,187</u>	<u>\$ 943,849</u>

Other non-current

	March 31, 2021	December 31, 2020	March. 31, 2020
Pre-payments for equipment	\$ 2,266,880	\$ 1,583,521	\$ 546,184
Long-term prepayments	92,105	96,279	75,154
Materials and supplies	65,972	61,229	43,657
Net defined benefit assets	20,146	19,979	19,409
Refundable deposits	<u>166,042</u>	<u>178,650</u>	<u>183,653</u>
	<u>\$ 2,611,145</u>	<u>\$ 1,939,658</u>	<u>\$ 868,057</u>

XV. Borrowings

(I) Short-term borrowings

Refer to bank revolving credit loans and the interest rate for the borrowings for March 31, 2021 and December 31 and March 31, 2020 were 0.63%~0.90%, 0.65%~1.15% and 0.95%~2.75%.

(II) Short-term bills payable - net

Outstanding short-term bills payable were as follows:

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March. 31, 2020</u>
Commercial paper	\$ -	\$ 50,000	\$ 390,000
Less: Unamortized discounts on bills payable	<u>-</u>	<u>15</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ 49,985</u>	<u>\$ 390,000</u>
Interest rate	-	0.86%	1.04% ~ 1.05%

(III) Long-term borrowings

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March. 31, 2020</u>
Credit loans	\$ 1,698,824	\$ 1,728,235	\$ 1,376,471
Less: Current portion	<u>58,824</u>	<u>88,235</u>	<u>117,647</u>
Long-term borrowings	<u>\$ 1,640,000</u>	<u>\$ 1,640,000</u>	<u>\$ 1,258,824</u>
Interest rate	0.64% ~ 0.89%	0.64% ~ 0.94%	0.64% ~ 1.05%

On June 22, 2020, the Company entered a two-year credit loan agreement with Bank of China with an aggregate amount of US\$25,000 thousand. As of March 31, 2021 and December 31, 2020, NT\$670,000 thousand was used.

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 March 31, 2021, December 31, 2020, and March 31, 2020 the Company had already drawn \$470,000 thousand, \$470,000 thousand and \$500,000 thousand, respectively.

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 March 31, 2021, December 31, 2020 and March 31, 2020, the Company had already drawn \$500,000 thousand.

On August 27, 2014, the Company entered a seven-year credit loan agreement with O-Bank with an aggregate amount of NT\$500,000 thousand and the Company has drawn the full amount. As of March 31, 2021, December 31, 2020 and March 31, 2020, the Company had repaid \$441,176 thousand, \$411,765 thousand and \$323,529 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.

XVI. Other payables

	March 31, 2021	December 31, 2020	March. 31, 2020
Salary payables and employee remuneration	\$ 510,860	\$ 565,986	\$ 444,369
Construction and equipment payables	2,597,312	909,919	554,245
Others	<u>424,240</u>	<u>268,705</u>	<u>312,632</u>
	<u>\$ 3,532,412</u>	<u>\$ 1,744,610</u>	<u>\$ 1,311,246</u>

XVII. PROVISIONS - CURRENT

	March 31, 2021	December 31, 2020	March. 31, 2020
Returns and allowances	<u>\$ 27,776</u>	<u>\$ 31,619</u>	<u>\$ 22,462</u>

Changes in returns and allowances provisions were as follows:

	For the three months ended March 31, 2021	For the three months ended March 31, 2020
Balance at January 1	\$ 31,619	\$ 23,173
Reversal	(3,730)	(573)
Effect on foreign currency exchange differences	(<u>113</u>)	(<u>138</u>)
Ending balance	<u>\$ 27,776</u>	<u>\$ 22,462</u>

The provision for customer returns and rebates was based on historical experience, management's judgments and other known reasons for the occurrence of product returns and rebates in the year. The provision was recognized as a reduction of operating income in the periods the related goods were sold.

XVIII. RETIREMENT BENEFIT PLANS

Employee benefit expenses in respect of the Group's defined benefit retirement plans were \$18 thousand and \$37 thousand for the three months ended March 31, 2021 and 2020, respectively, and were calculated using the actuarially determined pension cost discount rate as of December 31, 2020 and 2019.

XIX. Equity

(I) Share capital

Ordinary share

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March. 31, 2020</u>
Authorized shares (in thousands)	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>
Authorized capital	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>
Issued and paid shares (in thousands)	<u>332,957</u>	<u>332,957</u>	<u>332,957</u>
Issued capital	<u>\$ 3,329,572</u>	<u>\$ 3,329,572</u>	<u>\$ 3,329,572</u>

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 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 is \$3,294,216 thousand after deducting the administration fee. The capital was all collected and the alternative was registered.

The ITEQ Corporation's board of directors passed a resolution on May 4, 2021 to issue 50,000 thousand new shares for capital increase in cash. The total issue amount is \$500,000 by par value. The actual issue price and amount to be raised will be determined by the Chairman authorized, who will then consult underwriters about the prevailing market conditions and relevant laws and regulations, after approval by the competent authority.

(II) Capital surplus

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March. 31, 2020</u>
<u>May be used to offset a deficit, distributed as cash dividends or transferred to share capital (1)</u>			
Shares premium from issuance	\$ 3,647,455	\$ 3,647,455	\$ 3,647,455
<u>May be used to offset a deficit only</u>			
Shares premium from issuance	25,452	25,452	25,452
Expired employees share option (2)	<u>9,144</u>	<u>9,144</u>	<u>9,144</u>
	<u>\$ 3,682,051</u>	<u>\$ 3,682,051</u>	<u>\$ 3,682,051</u>

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 once a year).
2. The capital surplus generated from the portion of the non-cash flow and the expired share option which brought from "Capital Surplus- Employee Share Option" to "Capital Surplus- Share Premium" while conducting the employee share option, can be only used to offset a deficit.

(III) Retained earnings and dividends policy

Under the dividends policy as set forth in the amended Articles, where the Company made a 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 the employee, and director and supervisor remuneration distribution policy stated in the Company's Articles of Incorporation, please refer to Note 21(6) for employees' compensation and remuneration of directors and supervisors

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 reserves may be used to offset the 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 Company held an annual general meeting on June 16, 2020 and June 13, 2019. Earnings distribution motions for 2019 and 2018 have resolved and passed as follows:

	<u>Appropriation of Earnings</u>		<u>Dividends Per Share (NT\$)</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
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 appropriations from the earnings of 2020 was approved in the shareholders' meetings on March 23, 2021. The appropriations were as follows:

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

The appropriation of the 2020 earnings still awaits the proposal by the Company's board of directors meeting 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.

(IV) Other items of equity

1. Exchange Differences on Translating the Financial Statements of Foreign Operations

	For the three months ended March 31, 2021	For the three months ended March 31, 2020
Balance at January 1	(\$ 442,507)	(\$ 581,111)
Recognized during the period		
Exchange differences on translating the financial statements of foreign operations	(79,948)	(90,030)
Effect of income tax	<u>15,990</u>	<u>18,006</u>
Other comprehensive income recognized for the period	(<u>63,958</u>)	(<u>72,024</u>)
Ending balance	(<u>\$ 506,465</u>)	(<u>\$ 653,135</u>)

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

	For the three months ended March 31, 2021	For the three months ended March 31, 2020
Balance at January 1	(\$ 2,429)	(\$ 2,279)
Recognized during the period		
Unrealized gain/(loss) - equity instruments	(837)	(1,155)
Effect of income tax	<u>119</u>	<u>230</u>
Other comprehensive income recognized for the period	(<u>718</u>)	(<u>925</u>)
Ending balance	(<u>\$ 3,147</u>)	(<u>\$ 3,204</u>)

XX. Operating income

The following is an analysis of the Group's revenue from its major products during the period:

	For the three months ended March 31, 2021	For the three months ended March 31, 2020
Copper Clad Laminate	\$ 4,836,963	\$ 3,900,281
Polypropylene Laminate	2,382,282	1,592,724
Others	<u>177,291</u>	<u>125,212</u>
	<u>\$ 7,396,536</u>	<u>\$ 5,618,217</u>

Up until the year ended March 31, 2021, and December 31, 2020, and March 31, 2020 the balance of the Consolidated Company's contract liabilities from product sales totaled NT\$28,798 thousand, NT\$22,976 thousand, and NT\$36,133 thousand (recorded as other current liabilities) 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.

XXI. Profit before tax

(I) Other income

	For the three months ended March 31, 2021	For the three months ended March 31, 2020
Interest income	\$ 3,075	\$ 8,983
Grant income	3,525	4,301
Other income	<u>7,780</u>	<u>7,021</u>
	<u>\$ 14,380</u>	<u>\$ 20,305</u>

(II) Other gains or losses

	For the three months ended March 31, 2021	For the three months ended March 31, 2020
Foreign exchange losses	(\$ 5,116)	(\$ 48,834)
Net gain or loss on financial assets at FVTPL	225	(24,021)
Loss from disposal of property, plant and equipment	(6,825)	(3,836)
Loss from impairment of property, plant and equipment	(2,638)	-
Other gain (loss)	<u>(1,979)</u>	<u>22</u>
	<u>(\$ 16,333)</u>	<u>(\$ 76,669)</u>

(III) Depreciation and amortization

	For the three months ended March 31, 2021	For the three months ended March 31, 2020
Property, plant, and equipment	\$ 202,860	\$ 188,791
Right-of-use assets	14,802	14,702
Pre-payments	<u>11,223</u>	<u>6,758</u>
	<u>\$ 228,885</u>	<u>\$ 210,251</u>
An analysis of depreciation by function		
Cost of goods sold	\$ 192,728	\$ 183,196
Operating expenses	<u>24,934</u>	<u>20,297</u>
	<u>\$ 217,662</u>	<u>\$ 203,493</u>
An analysis of amortization by function		
Cost of goods sold	\$ 9,302	\$ 3,439
Selling and marketing expenses	3	3
General and administrative expenses	1,828	3,055
Research and development expenses	<u>90</u>	<u>261</u>
	<u>\$ 11,223</u>	<u>\$ 6,758</u>

(IV) Financial costs

	For the three months ended March 31, 2021	For the three months ended March 31, 2020
Interest on bank loans	\$ 19,884	\$ 21,310
Interest on lease liabilities	<u>2,153</u>	<u>2,547</u>
	<u>\$ 22,037</u>	<u>\$ 23,857</u>

(V) Employee benefits expense

	For the three months ended March 31, 2021	For the three months ended March 31, 2020
Short-term benefits	<u>\$ 648,540</u>	<u>\$ 557,783</u>
Retirement benefit plan (Note 18)		
Defined contribution plans	\$ 3,527	\$ 3,433
Defined benefit plans	(18)	(37)
	<u>\$ 3,509</u>	<u>\$ 3,396</u>
Share-based payment	<u>\$ -</u>	<u>\$ 34,596</u>
An analysis by function		
Operating cost	\$ 392,620	\$ 327,172
Operating expenses	<u>259,429</u>	<u>268,603</u>
	<u>\$ 652,049</u>	<u>\$ 595,775</u>

As of years ended March 31, 2021 and 2020, the Consolidated Company had 3,466 and 3,263 employees, respectively.

(VI) Employees' compensation and remuneration of directors and supervisors

Articles of Incorporation of the Company stipulate to distribute employees' compensation 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, employees' compensation and remuneration of directors and supervisors. The following is the employees' compensation and remuneration of directors and supervisors in cash for the three months ended March 31, 2021 and 2020:

Ratio

	For the three months ended March 31, 2021	For the three months ended March 31, 2020
Remuneration to employees	6.5%	6.5%
Remuneration of directors and supervisors	1.5%	1.5%

Amount

	For the three months ended March 31, 2021	For the three months ended March 31, 2020
Remuneration to employees	<u>\$ 46,855</u>	<u>\$ 27,438</u>
Remuneration of directors and supervisors	<u>\$ 10,813</u>	<u>\$ 6,332</u>

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

The Company held a board meeting on March 23, 2021 and March 17, 2020. Employees' compensation and remuneration of directors and supervisors for 2020 and 2019 have been resolved and passed as follows:

	Cash	
	<u>2020</u>	<u>2019</u>
Remuneration to employees	\$ 190,724	\$ 136,303
Remuneration of directors and supervisors	44,013	27,261

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

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

(VII) Gains (losses) on foreign currency exchange

	For the three months ended <u>March 31, 2021</u>	For the three months ended <u>March 31, 2020</u>
Foreign exchange gains	\$ 39,163	\$ 46,747
Foreign exchange losses	(44,279)	(95,581)
Net gain (loss)	(\$ 5,116)	(\$ 48,834)

XXII. Income tax

(I) Income tax recognized in profit or loss

Major components of tax expense were as follows:

	<u>For the three months ended March 31, 2021</u>	<u>For the three months ended March 31, 2020</u>
Tax currently payable		
Current tax	\$ 184,749	\$ 143,211
Deferred tax		
Current tax	15,687	(10,445)
Effect of change in the tax rate	<u> -</u>	<u> 1,842</u>
Income tax expense recognized in profit or loss	<u>\$ 200,436</u>	<u>\$ 134,608</u>

The applicable tax rate used by subsidiaries in China is 25%. Tax rates used by other group entities operating in other jurisdictions are based on the tax laws in those jurisdictions. In addition, ITEQ (WX) was recognized as an entity in the high and new technology industry in the People's Republic of China and was listed among the high-tech enterprises. Therefore, their income tax rate is 15%; the tax amount generated in other jurisdictions is calculated based on the applicable tax rate in each relevant jurisdiction.

(II) Income tax recognized in other comprehensive income

	<u>For the three months ended March 31, 2021</u>	<u>For the three months ended March 31, 2020</u>
<u>Deferred tax</u>		
Recognized during the period		
-Translation of foreign operations	\$ 15,990	\$ 18,006
-Unrealized gain (loss) on financial assets at FVTOCI	<u> 119</u>	<u> 230</u>
	<u>\$ 16,109</u>	<u>\$ 18,236</u>

(III) Income tax assessments

Income tax returns of the Company and Bou Mou through 2018 and 2019 had been examined and assessed by the tax authorities.

XXIII. Earnings per share

	For the three months ended March 31, 2021	For the three months ended March 31, 2020
Basic earnings per share	<u>\$ 1.93</u>	<u>\$ 1.24</u>
Diluted earnings per share	<u>\$ 1.92</u>	<u>\$ 1.24</u>

Unit: NT\$ Per Share

The profit and weighted average number of ordinary shares outstanding for the computation of profit per share are as follows:

Current period net profit

	For the three months ended March 31, 2021	For the three months ended March 31, 2020
Net income in the computation of basic earnings per share	<u>\$ 642,541</u>	<u>\$ 377,418</u>
Net income in the computation of diluted earnings per share	<u>\$ 642,541</u>	<u>\$ 377,418</u>

Quantity

	For the three months ended March 31, 2021	For the three months ended March 31, 2020
Weighted average number of ordinary shares in computation of basic earnings per share	332,957	303,287
Effect of potentially dilutive ordinary shares:		
Remuneration to employees	<u>1,605</u>	<u>1,171</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>334,562</u>	<u>304,458</u>

Unit: Thousand Shares

If the Company can settle the compensation to employees in cash or shares, the Group 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 a 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.

XXIV. SHARE-BASED PAYMENT ARRANGEMENTS-ISSUANCE OF COMMON STOCK FOR EMPLOYEE SHARE OPTION

The company's board of directors meeting approved the issuance of common stock for cash on February 6, 2020, and reserved 10% of the new share for the subscription of employees in accordance with the Company Act. The option was measured by the fair value on the grant date. The compensation cost recognized during the period ended March 31, 2020 was 34,596 thousand and was recognized in Capital surplus-employee share option simultaneously. The balance will be transferred to Capital surplus-share premium after collection. Among them, 508 thousand shares were not exercised which amounted to \$9,144 thousand and was transferred to Capital surplus-expired employee share option from Capital surplus-employee share option.

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

	<u>employee share options</u>
Grant-date share price (NT\$)	\$127.50 per share
Exercise Price (NT\$)	\$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 (NT\$)	\$18 per share

XXV. CAPITAL RISK MANAGEMENT

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

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

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

The management of the consolidated company re-examines the Group's capital structure quarterly, including considering various capital costs and the related risks. Under the recommendations of the key management personnel, to balance the overall capital structure, the Group may adjust the total amount of dividends paid to shareholders and the number of new shares issued and repurchased.

XXVI. DISCLOSURES FOR FINANCIAL INSTRUMENTS

(I) Fair values of financial assets that are measured at fair value

1. Degree of fair value measurements

March 31, 2021

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at FVITPL				
Securities listed in ROC Equity				
Securities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,921</u>	<u>\$ 5,921</u>
Financial assets at FVTOCI				
Equity securities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,818</u>	<u>\$ 36,818</u>

December 31, 2020

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at FVITPL				
Securities listed in ROC Equity				
Securities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,696</u>	<u>\$ 5,696</u>
Financial assets at FVTOCI				
Equity securities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,655</u>	<u>\$ 37,655</u>

March. 31, 2020

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at FVITPL				
Securities listed in ROC Equity				
Securities	<u>\$ 63,038</u>	<u>\$ -</u>	<u>\$ 5,960</u>	<u>\$ 68,998</u>
Financial assets at FVTOCI				
Equity securities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,350</u>	<u>\$ 27,350</u>

There were no transfers between Level 1 and Level 2 fair value measurements during the periods ended March 31, 2021 and 2020.

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

	<u>Financial assets at FVITPL</u>	<u>Financial Assets at FVTOCI</u>
January 1, 2021	\$ 5,696	\$ 37,655
Recognized in profit or loss	225	-
Recognized in other comprehensive income	-	(837)
March 31, 2021	<u>\$ 5,921</u>	<u>\$ 36,818</u>
January 1, 2020	\$ 9,045	\$ 28,505
Recognized in profit or loss	(3,085)	-
Recognized in other comprehensive income	-	(1,155)
March. 31, 2020	<u>\$ 5,960</u>	<u>\$ 27,350</u>

3. Valuation techniques and inputs applied for Level 3 fair value measurement

The financial statements of the Group include non-publicly quoted equity investments measured at fair value. The determination of fair value is based on the comparative company method, the counter price adjustment method, and the latest available net value information assessment. The main assumption of the comparative company method is based on the market multiplier of the market price of listed companies and the net value per share. These values have taken into account the liquidity discounts.

Level 3 fair value multipliers and liquidity discounts for financial instruments are as follows:

	<u>Multiplier</u>	<u>Liquidity Discounts</u>
March 31, 2021	1.64~7.72	20%~25%
December 31, 2020	1.45~2.69	20%
March. 31, 2020	0.70~1.58	20%

(II) Categories of financial instruments

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March. 31, 2020</u>
<u>Financial assets</u>			
Financial assets at FVITPL	\$ 5,921	\$ 5,696	\$ 68,998
Financial assets at amortized cost (Note 1)	15,068,273	14,357,392	17,113,103
Financial assets at FVTOCI	36,818	37,655	27,350
<u>Financial liabilities</u>			
Amortized cost (Note 2)	13,827,400	10,648,496	12,827,392

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

Note 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.

(III) Financial risk management objective and policies

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

The Group'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 Group 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 continuously.

1. Market risk

(1) Foreign currency risk

The Group had foreign currency sales and purchases, which exposed the Group to foreign currency risk. Approximately 11% and 28% of the consolidated Company's sales for periods ended March 31, 2021 and 2020 were not denominated in the functional currency of the entity in which the transaction took place, and approximately 44% and 43% of the costs were not denominated in the functional currency of the entity in which the transaction took place. Exchange rate exposures were managed within approved policy parameters utilizing forward foreign exchange contracts.

The carrying amounts of the Group'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 29.

Sensitivity analysis

The Group was mainly exposed 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 are 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.

	U.S. Dollar Impact	
	For the three months ended March 31, 2021	For the three months ended March 31, 2020
Profit or loss	(\$ 15,453)	(\$ 10,645)

(2) Interest rate risk

The Group was exposed to fair value interest rate risk because of fixed-rate debt investments with short-term bills payable. The Group was also exposed to cash flow interest rate risk because of demand deposits and floating rate bank borrowings. The Group reviewed the interest level regularly and maintained the scope of interest rate stably. The Group will cost-effectively adopt hedging strategies, if necessary.

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

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March. 31, 2020</u>
Fair value interest rate risk			
-Financial assets	\$ -	\$ -	\$ 53,952
-Financial liabilities	-	49,985	390,000
Cash flow interest rate risk			
-Financial assets	2,436,241	2,107,612	5,067,560
-Financial liabilities	3,348,494	3,959,681	5,037,059

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 Group's pre-tax profit for the three months ended March 31, 2021 and 2020 would decrease by \$570 thousand and increase by \$19 thousand, respectively.

(3) Other price risks

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

Sensitivity analysis

The Group reports the reasonable risk assessment of price changes to key management personnel assuming a hypothetical increase or decrease of 10% in equity prices. For the three months ended March 31, 2021 and 2020, if equity prices increase by 10%, income before tax will be \$592 thousand and \$6,900 thousand due to profit and loss, and other comprehensive income before tax will increase by \$3,682 thousand and \$2,735 thousand due to the increase in fair value of financial assets measured at fair value through other comprehensive profit and loss, respectively.

2. Credit risk

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

The Group had assigned a team to be responsible for determining and approving credit lines, and this team evaluated continuously the financial situation, industries, and region regarding customers generated accounts receivable. In order to reduce credit risk, the Group proceeded to factor and insure accounts receivable if necessary. In addition, the Group 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 Group'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 Group's concentration of credit risk of 54%, 57% and 61% of total accounts receivables as of March 31, 2021, December 31, 2020 and March 31, 2020, respectively, were related to the Group's ten largest customers. The concentration of credit risk for the remainder of accounts receivable were immaterial.

3. Liquidity risk

The ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate banking facilities and reserve borrowing facilities in the capital market and continuously monitoring forecasts and actual cash flows as well as matching the maturity profiles of financial assets and liabilities. The detailed information of the Group's unused financing facilities as of March 31, 2021, December 31, 2020 and March 31, 2020 is further stated in (2) financing facilities below.

(1) Liquidity risk tables for non-derivative financial liabilities

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

	March 31, 2021				Total
	180 Days	181-270 Days	271-360 Days	Over 361 Days	
<u>Non-derivative</u>					
<u>financial liabilities</u>					
Short-term					
borrowings	\$ 1,650,704	\$ -	\$ -	\$ -	\$ 1,650,704
Note payable and					
accounts payable	6,914,191	-	-	-	6,914,191
Other payables	3,532,412	-	-	-	3,532,412
Lease liabilities	31,285	15,643	15,659	281,379	343,966
Long-term					
borrowings					
(including the					
current portion)	59,891	3,266	3,266	1,643,748	1,710,171
	<u>\$ 12,188,483</u>	<u>\$ 18,909</u>	<u>\$ 18,925</u>	<u>\$ 1,925,127</u>	<u>\$ 14,151,444</u>

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

	Less than One Year	1~5 Years	5~10 Years
Lease liabilities	<u>\$ 62,587</u>	<u>\$ 161,725</u>	<u>\$ 119,654</u>

	December 31, 2020				Total
	180 Days	181-270 Days	271-360 Days	Over 361 Days	
<u>Non-derivative financial liabilities</u>					
Short-term borrowings	\$ 2,234,236	\$ -	\$ -	\$ -	\$ 2,234,236
Short-term bills payable	50,000	-	-	-	50,000
Note payable and accounts payable	4,857,717	-	-	-	4,857,717
Other payables	1,744,610	-	-	-	1,744,610
Lease liabilities	31,368	15,684	15,684	297,497	360,233
Long-term borrowings	<u>61,504</u>	<u>34,915</u>	-	<u>1,647,189</u>	<u>1,743,608</u>
	<u>\$ 8,979,435</u>	<u>\$ 50,599</u>	<u>\$ 15,684</u>	<u>\$ 1,944,686</u>	<u>\$ 10,990,404</u>

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

	Less than One Year	1~5 Years	5~10 Years
Lease liabilities	<u>\$ 70,735</u>	<u>\$ 250,736</u>	<u>\$ 90,546</u>

	March. 31, 2020				Total
	180 Days	181-270 Days	271-360 Days	Over 361 Days	
<u>Non-derivative financial liabilities</u>					
Short-term borrowings	\$ 3,663,975	\$ -	\$ -	\$ -	\$ 3,663,975
Short-term bills payable	390,000	-	-	-	390,000
Note payable and accounts payable	6,055,095	-	-	-	6,055,095
Other payables	1,311,246	-	-	-	1,311,246
Lease liabilities	35,365	17,714	17,624	367,660	438,363
Long-term borrowings (including the current portion)	<u>60,120</u>	<u>31,752</u>	<u>31,286</u>	<u>1,263,774</u>	<u>1,386,932</u>
	<u>\$ 11,515,801</u>	<u>\$ 49,466</u>	<u>\$ 48,910</u>	<u>\$ 1,631,434</u>	<u>\$ 13,245,611</u>

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

	Less than One Year	1~5 Years	5~10 Years
Lease liabilities	<u>\$ 70,703</u>	<u>\$ 226,758</u>	<u>\$ 140,902</u>

(2) Financing facilities

Bank borrowings are a major source for the liquidity of the Group.

The Group's financing facilities are as follows:

	March 31, 2021	December 31, 2020	March. 31, 2020
Unsecured bank borrowings facility			
Amount used	\$ 4,264,404	\$ 4,899,963	\$ 6,400,248
Amount unused	<u>8,220,638</u>	<u>7,355,486</u>	<u>4,788,745</u>
	<u>\$12,485,042</u>	<u>\$12,255,449</u>	<u>\$11,188,993</u>

(IV) Transfers of financial assets

Factored trade receivables as of March 31, 2021 and 2020 and December 31, 2020 were as follows:

Counterparties	Interest Rates on Advances Received (%)	Receivables Sold	Advances Received	Amounts Collected	Credit Line
<u>March 31, 2021</u>					
Taishin Bank	-	\$ 55,147	\$ -	\$ 55,147	\$ 164,166
KGI Commercial Bank	-	3,627	-	3,627	17,121
Bank SinoPac	-	-	-	-	214,013
		<u>\$ 58,774</u>	<u>\$ -</u>	<u>\$ 58,774</u>	<u>\$ 395,300</u>
<u>December 31, 2020</u>					
Taishin Bank (Note)	-	\$ 36,314	\$ -	\$ 36,314	\$ 209,552
KGI Commercial Bank (Note)	-	1,979	-	1,979	17,088
Bank SinoPac (Note)	-	-	-	-	213,600
		<u>\$ 38,293</u>	<u>\$ -</u>	<u>\$ 38,293</u>	<u>\$ 440,240</u>
<u>March. 31, 2020</u>					
Taishin Bank	-	\$ 49,996	\$ -	\$ 49,996	\$ 218,103
KGI Commercial Bank	-	2,016	-	2,016	18,135
Bank SinoPac	-	63,598	-	63,598	226,688
		<u>\$ 115,610</u>	<u>\$ -</u>	<u>\$ 115,610</u>	<u>\$ 462,926</u>

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

Pursuant to the Group's factoring agreements, losses from commercial disputes (such as sales returns and discounts) were borne by the Group, while losses from credit risk were borne by the banks. As of March 31, 2021, December 31, 2020, and March 31, 2020, the Group issued promissory notes with an aggregate amount of \$433,166 thousand, \$478,552 thousand and \$489,103 thousand to the banks as collateral, respectively.

The Group transferred the receivables from bank acceptances for endorsement to Bank of China, Industrial and Commercial Bank of China, Bank of Ningbo, and Bank Of Jiangsu in China for discounting. According to the agreement of the discount contracts, the bank acceptances transferred are those with higher credit ratings, and the credit risk and deferred payment risk thereof are relatively small. Almost all the risks and rewards attached to these acceptances have been transferred with the bank acceptances for endorsement. Therefore, the Group has derecognized the receivables from the bank acceptances transferred. However, if said bank acceptances fail to be cashed when they are due, said banks still have the right to request the Group to pay off, so the Group continues to participate in said acceptances.

The maximum loss on risk exposure arising from said acceptances that the Group continues to participate in and has derecognized is the carrying amount of said acceptances that have been transferred but not yet due. As of March 31, 2021 and December 31, 2020 and March 31, 2020, said losses are \$1,350,218 thousand, \$1,100,758 thousand and 641,132 thousand, respectively. Said acceptances will be due within 1 to 5 months, 1 to 3 months, and 1 to 4 months after the balance sheet date, respectively. Considering the credit risk of the derecognized bank acceptances, the Group has assessed that the fair value of its continuous participation is not significant.

For the three months ended March 31, 2021 and 2020, the Group recognized the financial costs of \$10,862 thousand and \$4,444 thousand when transferring the bank acceptances receivable and no profit or loss were recognized for its continuous participation in said acceptances both in the current period and in accumulation.

XXVII. Related Party Transactions

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

(I) Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>
WIN Semiconductors Corp.	Same chairman

(II) Lease arrangements - Group is lessee

The Group entered into an operating lease agreement for the lease of land and plant with WIN Semiconductors Corp. The lease period is from January 1, 2013 through December 31, 2028 and the rent is payable monthly.

<u>Line Item</u>	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March. 31, 2020</u>
Right-of-use assets	\$ 219,909	\$ 227,003	\$ 248,284
Refundable deposits	\$ 101,058	\$ 100,782	\$ 99,959
Lease liabilities - current	\$ 26,251	\$ 26,147	\$ 25,838
Lease liabilities - non-current	188,527	195,129	214,778
	<u>\$ 214,778</u>	<u>\$ 221,276</u>	<u>\$ 240,616</u>

<u>Line Item</u>	<u>For the three months ended March 31, 2021</u>	<u>For the three months ended March 31, 2020</u>
Financial costs	\$ 870	\$ 972
Depreciation expenses	\$ 7,094	\$ 7,094
Interest income	\$ 276	\$ 273

(III) Compensation of key management personnel

The compensation of key management personnel of the three months ended March 31, 2021 and 2020 are disclosed below.

	<u>For the three months ended March 31, 2021</u>	<u>For the three months ended March 31, 2020</u>
Short-term benefits	\$ 14,258	\$ 19,768
Post-employment benefits	128	151
Share-based payment	-	8,028
	<u>\$ 14,386</u>	<u>\$ 27,947</u>

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

XXVIII. Significant Contingent Liabilities and Unrecognized Commitments

Significant commitments and contingencies of the Group as of March 31, 2021 were as follows:

- (I) Letter of credit opened but unused totaled NT\$432,926 thousand.
- (II) Outstanding contractual payments for construction equipment totaled NT\$2,087,224 thousand.

XXIX. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the Group 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:

	March 31, 2021	December 31, 2020	March. 31, 2020	
<u>Foreign currency asset</u>				
<u>Monetary item</u>				
Foreign Currency - US\$	\$ 109,316	\$ 94,331	\$ 97,646	
Exchange Rate	28.54	28.48	30.23	
Carrying amount	3,119,879	2,686,547	2,951,839	
<u>Foreign currency liabilities</u>				
<u>Monetary item</u>				
Foreign Currency - US\$	140,221	139,135	118,936	
Exchange Rate	28.54	28.48	30.23	
Carrying amount	4,001,907	3,962,565	3,595,435	
	For the three months ended March 31, 2021	For the three months ended March 31, 2020		
<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>Net Foreign Exchange Gain (Loss)</u>	<u>Exchange Rate</u>	<u>Net Foreign Exchange Gain (Loss)</u>
USD	6.48(USD: RMB)	(\$ 2,556)	6.97(USD: RMB)	(\$ 45,634)
USD	28.37(USD: NTD)	(4,318)	30.11(USD: NTD)	2,977

XXX. Material Events After the Balance Sheet

A fire incident broke out at the Xinpu Plant of the Company in the middle of the night on April 13, 2021, causing damage to part of the inventories, property, plant and equipment. The current amount of loss is pending investigation, but all have been insured by relevant insurance policies and business interruption insurance; the losses and actual claims are pending professional appraisal by the insurance company.

XXXI. Additional Disclosures

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

- (I) Information about significant transactions and (II) investees:
1. Financing provided to others. (Table 1)
 2. Endorsements/guarantees provided. (Table 2)
 3. Marketable securities held (excluding investment in subsidiaries, associates, and jointly controlled entities). (Table 3)
 4. Marketable securities acquired and disposed of 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. Name, locations, and other information of investees. (Table 6)
 10. Trading in derivative instruments. (None)
 11. Significant transactions between the Company and its subsidiaries (Table 8)
- (II) 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:
 - (1) The amount and percentage of purchase: Tables 4 and 8.
 - (2) The amount and percentage of sales: Tables 4, 5, and 8.
 - (3) The total amount of assets disposed of and related gain or loss: None.
 - (4) Endorsement/guarantee provided: Table 2.
 - (5) Financing provided: Table 1.
 - (6) Other transactions that significantly impacted the current year's profit or loss or financial position: None.
- (III) Information of major shareholders: List of all shareholders with ownership of 5 percent or greater showing the names and the number of shares and percentage of ownership held by each shareholder: Table 9.

XXXII. Segments Information

Information reported to the chief operating decision-maker for resource allocation and segment performance assessment focuses on types of goods or services delivered or provided. Specifically, the Group's reportable segments reporting department (products included pre-preg products (PP) and copper-clad laminates (CCL)) were as follows:

The Company excluded revenue and profit from triangular trade.)

ITEQ WUXI included revenue and profit from ITEQ WUXI and IIL.)

ITEQ (DG) included revenue and profit from ITEQ (DG) and IPL.)

ITEQ JX (included revenue and profit from ITEQ JX)

Others included revenue and profit from ITEQ (HJ), ITEQ (GZ), Bou Mou, ITEQ International, ITEQ Holding, ITEQ (HK) and Eagle Great.)

(I) Segment revenues and results

The following was an analysis of the Group's revenue and results by the reporting department.

	Segment Revenue		Segment Profit	
	For the three months ended March 31, 2021	For the three months ended March 31, 2020	For the three months ended March 31, 2021	For the three months ended March 31, 2020
The Company	\$ 1,370,328	\$ 1,471,242	(\$ 168,366)	(\$ 70,034)
ITEQ WUXI	3,521,545	2,903,190	395,480	328,359
ITEQ (DG)	3,320,426	2,588,660	233,966	210,247
ITEQ JX	1,380,855	371,059	186,159	(46,979)
Others	<u>1,723,962</u>	<u>1,331,540</u>	<u>277,396</u>	<u>204,424</u>
	<u>\$ 11,317,116</u>	<u>\$ 8,665,691</u>	924,635	626,017
Headquarter management cost			(57,668)	(33,770)
Non-operating income and expenses			(23,990)	(80,221)
Income before income tax			<u>\$ 842,977</u>	<u>\$ 512,026</u>

Intersegment transactions were not eliminated from the segment revenue reported above. For the three months ended March 31, 2021, the Company's revenue from ITEQ (WX), ITEQ (DG), ITEQ (JX), and others were \$405,314 thousand, \$911,648 thousand, \$1,327,818 thousand, and \$1,275,800 thousand, respectively; for the three months ended March 31, 2020, the Company's revenue from ITEQ (WX), ITEQ (DG), ITEQ (JX) and others were \$451,735 thousand, \$872,845 thousand, \$368,599 thousand and \$1,354,295 thousand, respectively;

Segment profit represents the profit earned by each segment without allocation of central administration costs and non-operating income and gains, non-operating expense and losses and income tax expense. This is the measure reported to the chief operating decision-maker for resource allocation and assessment of segment performance.

(II) Segment assets

	March 31, 2021	December 31, 2020	March. 31, 2020
<u>Segment assets</u>			
The Company	\$ 4,245,412	\$ 3,690,220	\$ 8,167,888
ITEQ WUXI	10,802,075	11,189,231	9,755,466
ITEQ (DG)	8,031,527	8,571,072	7,672,177
ITEQ JX	9,788,259	7,334,422	3,589,229
Others	<u>5,972,216</u>	<u>5,948,129</u>	<u>6,575,256</u>
Sub-total	38,839,489	36,733,074	35,760,016
Others	61,472,221	58,671,000	47,798,712
Eliminations	<u>(70,961,812)</u>	<u>(69,719,696)</u>	<u>(56,401,625)</u>
Total assets	<u>\$ 29,349,898</u>	<u>\$ 25,684,378</u>	<u>\$ 27,157,103</u>

To monitor segment performance and allocate resources between segments:

All assets were allocated to the reporting department other than interests in associates accounted for financial assets at FVTPL, financial assets at FVTOCI, current tax assets and deferred tax assets. Goodwill was allocated to the reporting department. Assets used jointly by the reporting department were allocated based on the revenues earned by the individual reporting department.

ITEQ Corporation and Subsidiaries
FINANCING PROVIDED TO OTHERS
For the Three Months Ended March 31, 2021

TABLE 1

In Thousands of New Taiwan Dollars,
Unless Stated Otherwise

No.	Financing Company Name	Borrower	Financial Statement Account	Related Parties	Maximum Balance for the Period	Ending balance	Transaction Amounts	Interest Rate	Type of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Doubtful Accounts	Collateral		Financing Limit for Each Borrowing Company (Note 1 and 2)	Financing Amount Limits (Note 1 and 2)
													Name	Value		
0	The Company	ITEQ (JX)	Accounts receivable - related parties and other receivables - related parties	Yes	\$ 1,158 thousand	\$ -thousand	\$ -thousand	-	Short-term financing	\$ -	Operating capital	\$ -	-	\$ -	\$ 2,678,730	\$ 2,678,730
1	IIL	ITEQ (WX)	Accounts receivable - related parties and other receivables - related parties	Yes	US\$11,527 thousand	US\$6,042 thousand	US\$6,042 thousand	-	Short-term financing	-	Operating capital	-	-	-	680,046	680,046
2	ITEQ (DG)	ITEQ (JX)	Accounts receivable - related parties and other receivables - related parties	Yes	RMB \$200,000 thousand	RMB \$200,000 thousand	RMB200,000 thousand	1.5	Short-term financing	-	Operating capital	-	-	-	2,678,730	2,678,730
3	ITEQ (WX)	ITEQ (JX)	Accounts receivable - related parties and other receivables - related parties	Yes	RMB150,000 thousand	RMB150,000 thousand	RMB130,000 thousand	1.5	Short-term financing	-	Operating capital	-	-	-	2,678,730	2,678,730
3	ITEQ (WX)	IIL	Accounts receivable - related parties and other receivables - related parties	Yes	RMB 58,784 thousand	RMB 57,686 thousand	RMB 57,686 thousand	-	Short-term financing	-	Operating capital	-	-	-	2,678,730	2,678,730
3	ITEQ (WX)	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	-	-	-	2,678,730	2,678,730

Note 1: The Company's Operating Procedures for Lending Funds to Others' states that the limit amount for lending funds to a single entity and ceiling amount for financing is 20% and 40% of the Company's net worth based on the most recent audited and certified report (for 2020) certified by the CPA.

Note 2: The limit amount for lending funds to a single entity and ceiling amount for financing for the Company's 100% owned subsidiaries are subject to 600% of the Company's net worth based on the most recent audited and certified report (for 2020) certified by the CPA. However, if the maximum amount of each loan and financing limit exceeds 20% of the net worth of the Company's most recent financial report (for 2020), the ceiling amount shall be subject to 20% of the Company's net worth based on the most recent audited report

Note 3: Was eliminated in the consolidated financial statements.

ITEQ Corporation and Subsidiaries
ENDORSEMENT/GUARANTEE PROVIDED
For the Three Months Ended March 31, 2021

TABLE 2

In Thousands of New Taiwan Dollars,
In Thousands of New Taiwan Dollars

No.	Endorsement/Guarantee Provider	Guaranteed Party		Limits on Endorsement/Guarantee Amount Provided to Each Guaranteed Party (Note 1 and 2)	Maximum Amount Endorsed/Guaranteed During the Period	Ending Balance	Transaction Amounts	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 (Note 1 and 2)	Endorsement/Guarantee Provided by Parent	Endorsement/Guarantee Provided by Subsidiaries	Endorsement/Guarantee Provided to Subsidiaries in Mainland China
		Company name	Relationship										
0	The Company	IIL, IPL	Investee in which the Company holds 100% of its shares indirectly	\$ 13,393,654	\$ 300,000 (Note 3)	\$ 300,000	\$ -	\$ -	2.24%	\$ 13,393,654	Y	N	N
0	The Company	IIL	Investee in which the Company holds 100% of its shares indirectly	13,393,654	1,011,040 (Note 3)	927,388	117,158	-	6.92%	13,393,654	Y	N	N
0	The Company	IPL	Investee in which the Company holds 100% of its shares indirectly	13,393,654	2,981,908 (Note 3)	2,981,908	820,550	-	22.26%	13,393,654	Y	N	N
0	The Company	ITEQ (DG)	Investee in which the Company holds 100% of its shares indirectly	13,393,654	856,050 (Note 3)	856,050	-	-	6.39%	13,393,654	Y	N	Y

Note 1: The total amount of the guarantee provided to a single entity shall not exceed 100% of the Company's net worth based on the most recent audited and certified report (for 2020).

Note 2: The total amount of the guarantee provided to subsidiaries shall not exceed 300% of the subsidiaries' net worth based on the most recent audited and certified report (for 2020)

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

ITEQ Corporation and Subsidiaries
MARKETABLE SECURITIES HELD
March 31, 2021

TABLE 3

In Thousands of New Taiwan Dollars,
Unless Stated Otherwise

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	MARCH 31, 2020				Remarks
				Shares (Thousands)	Carrying amount	Percentage of Ownership	Fair Value	
The Company	<u>Stocks</u> Bon-In Biologic Technology Company	—	Financial assets at FVITPL - current	100	\$ -	5.0	\$ -	
	TMY Technology Inc.	—	Financial assets at FVTOCI - non-current	357	9,760	1.1	9,760	
Bou Mou	<u>Stocks</u> Mortech Corporation	—	Financial assets at FVITPL - current	381	5,921	1.0	5,921	
	Big Sun Energy Technology Inc.	—	Financial assets at FVITPL - non-current	887	-	0.4	-	
	Ding Mou Corporation	—	Financial assets at FVITPL - non-current	100	-	0.4	-	
	TIEF FUND, L.PL	—	Financial assets at FVTOCI - non-current	-	27,058	4.8	27,058	

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 and Subsidiaries

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

For the Three Months Ended March 31, 2021

TABLE 4

Unit: NTD thousand

Buyer/Seller	Related Party	Relationship	Transaction Details				Abnormal Transaction		Note/Accounts Receivable (Payable)		Remarks
			Purchase/Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Balance	% to Total Notes/Accounts Payable or Receivable	
The Company	ITEQ (DG)	Investee in which the Company holds 100% of its shares indirectly	Sales	(\$ 354,849)	(26)	—	\$ -	—	\$ 551,362	32%	
ITEQ (DG)	The Company	Investee in which the Company holds 100% of its shares indirectly	Purchases	354,849	13	—	-	—	(551,362)	(18%)	
The Company	ITEQ (WX)	Investee in which the Company holds 100% of its shares indirectly	Purchases	151,607	14	—	-	—	(112,981)	-	Note 1 and 2
ITEQ (WX)	The Company	Investee in which the Company holds 100% of its shares indirectly	Sales	(151,607)	(5)	—	-	—	112,981	-	
The Company	ITEQ (WX)	Investee in which the Company holds 100% of its shares indirectly	Sales	(235,856)	(17)	—	-	—	316,053	19%	
ITEQ (WX)	The Company	Investee in which the Company holds 100% of its shares indirectly	Purchases	235,856	9	—	-	—	(316,053)	(9%)	
The Company	ITEQ (JX)	Investee in which the Company holds 100% of its shares indirectly	Sales	(257,864)	(19)	—	-	—	260,262	15%	
ITEQ (JX)	The Company	Investee in which the Company holds 100% of its shares indirectly	Purchases	257,864	22	—	-	—	(260,262)	(17%)	
ITEQ (DG)	ITEQ (GZ)	Same parent company	Sales	(484,729)	(16)	—	-	—	178,274	4%	
ITEQ (GZ)	ITEQ (DG)	Same parent company	Purchases	484,729	35	—	-	—	(178,274)	(18%)	
ITEQ (GZ)	ITEQ (DG)	Same parent company	Sales	(317,425)	(20)	—	-	—	243,141	11%	
ITEQ (DG)	ITEQ (GZ)	Same parent company	Purchases	317,425	12	—	-	—	(243,141)	(8%)	
IPL	ITEQ (GZ)	Same parent company	Sales	(149,683)	(48)	—	-	—	202,377	32%	
ITEQ (GZ)	IPL	Same parent company	Purchases	149,683	11	—	-	—	(202,377)	(21%)	
ITEQ (WX)	IIL	Same parent company	Sales	(177,976)	(5)	—	-	—	607,308	12%	
IIL	ITEQ (WX)	Same parent company	Purchases	177,976	65	—	-	—	(607,308)	(87%)	
ITEQ (JX)	ITEQ (DG)	Same parent company	Sales	(984,254)	(71)	—	-	—	1,132,847	73%	
ITEQ (DG)	ITEQ (JX)	Same parent company	Purchases	984,254	37	—	-	—	(1,132,847)	(37%)	
ITEQ (JX)	ITEQ (WX)	Same parent company	Sales	(239,256)	(17)	—	-	—	264,533	17%	
ITEQ (WX)	ITEQ (JX)	Same parent company	Purchases	239,256	9	—	-	—	(264,533)	(7%)	

Note 1: The transactions 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. The payments are settled periodically.

Note 3: Was eliminated in the consolidated financial statements.

ITEQ Corporation and Subsidiaries

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

March 31, 2021

TABLE 5

Unit: NTD thousand

Company Name	Related Party	Relationship	Receivables from related party	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment
					Amount	Actions Taken		
The Company	ITEQ (DG)	Investee in which the Company holds 100% of its shares indirectly	\$ 551,362	—	\$ -	—	\$ 61,474	\$ -
The Company	ITEQ (WX)	Investee in which the Company holds 100% of its shares indirectly	316,053	—	-	—	75,835	-
The Company	ITEQ (JX)	Investee in which the Company holds 100% of its shares indirectly	260,262	—	-	—	207	-
ITEQ (GZ)	ITEQ (DG)	Same parent company	243,141	—	-	—	-	-
ITEQ (WX)	IIL	Same parent company	607,308	—	-	—	127,146	-
ITEQ (DG)	ITEQ (GZ)	Same parent company	178,274	—	-	—	22,019	-
ITEQ (JX)	ITEQ (DG)	Same parent company	1,132,847	—	-	—	313,429	-
ITEQ (JX)	ITEQ (WX)	Same parent company	264,533	—	-	—	60,412	-
IPL	ITEQ (JX)	Same parent company	340,509	—	-	—	11,511	-
IPL	ITEQ (GZ)	Same parent company	202,377	—	-	—	57,660	-
IIL	ITEQ (WX)	Same parent company	536,638	—	-	—	12,676	-
IIL	The Company	Same parent company	111,435	—	-	—	-	-

Note: Eliminated in the consolidated financial statements.

ITEQ Corporation and Subsidiaries
INFORMATION ON INVESTEES
For the Three Months Ended March 31, 2021

TABLE 6

In Thousands of New Taiwan Dollars,
Unless Stated Otherwise

Investor	Investor Company	Location	Main Businesses and Products	Investment Amount		As of March 31, 2020			Net Income (Loss) of the Investee	Share of Profits	Remarks
				End of this period	End of last period	Shares (Thousands)	%	Carrying amount			
The Company	ITEQ International	Samoa	Investment	\$US\$61,719 thousand	\$US\$61,719 thousand	18,500	100%	\$ 15,275,711	\$ 772,092	\$ 772,092	Note 1
	Bou Mou	Hsinchu City	Investment	70,000	70,000	7,000	100%	92,647	112	112	
ITEQ International	ITEQ Holding	British Cayman Islands	Investment	US\$61,719 thousand	US\$61,719 thousand	18,500	100%	US\$530,285 thousand	US\$27,214 thousand	US\$27,214 thousand	
ITEQ Holding	ESIC	The British Virgin Islands	Mainland China Re-investment	US\$13,000 thousand	US\$13,000 thousand	10,750	100%	US\$195,932 thousand	US\$10,114 thousand	US\$10,114 thousand	
	IPL	Samoa	Import/Export	US\$1,000 thousand	US\$1,000 thousand	1,000	100%	US\$179 thousand	US\$85 thousand	US\$85 thousand	
	IIL	Samoa	Import/Export	US\$1,000 thousand	US\$1,000 thousand	1,000	100%	US\$3,722 thousand	(US\$249 thousand)	(US\$249 thousand)	
	Eagle Great	The British Virgin Islands	Mainland China Re-investment	US\$8,499 thousand	US\$8,499 thousand	8,499	100%	US\$16,909 thousand	US\$640 thousand	US\$640 thousand	
	ITEQ (HK)	Hong Kong	Mainland China Re-investment	US\$24,200 thousand	US\$24,200 thousand	24,200	100%	US\$286,222 thousand	US\$16,624 thousand	US\$16,624 thousand	

Note 1: Information on investees in mainland China is detailed in Table 7.

ITEQ CORPORATION
Information on investments in Mainland China
For the Three Months Ended March 31, 2021

TABLE 7

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 March 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 March 31, 2020	Accumulated Repatriation of Investment Income as of March 31, 2020
					Outward	Inward						
ITEQ (DG)	Produces and sells pre-preg and copper-clad lamination	\$US\$20,000 thousand	Note 1 and 4	\$US\$13,000 thousand	\$	\$	\$US\$13,000 thousand	\$US\$7,345 thousand	100%	\$US\$7,345 thousand	\$ US\$148,377 thousand	\$ -
ITEQ (WX)	Produces and sells pre-preg and copper-clad lamination	US\$41,000 thousand	Note 1 and 4	US\$22,100 thousand			US\$22,100 thousand	US\$13,187 thousand	100%	US\$13,187 thousand	US\$227,693 thousand	US\$82,231 thousand
ITEQ (HJ)	Produces and sells mass lamination	US\$8,499 thousand	Note 1 and 4	US\$8,286 thousand			US\$8,286 thousand	US\$643 thousand	100%	US\$643 thousand	US\$16,370 thousand	-
ITEQ (GZ)	Produces and sells pre-preg and copper-clad lamination	US\$23,700 thousand	Note 1	US\$16,200 thousand			US\$16,200 thousand	US\$3,410 thousand	100%	US\$3,410 thousand	US\$86,011 thousand	US\$16,660 thousand
ITEQ (JX)	Produces and sells pre-preg and copper-clad lamination	US\$80,800 thousand	Note 1 and 4	-			-	US\$5,574 thousand	100%	US\$5,574 thousand	US\$97,079 thousand	-

Accumulated Outward Remittance for Investment in Mainland China as of March 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	\$8,382,911 (Note 3)

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

Note 2: Investment income (loss) was based on financial statements reviewed by the parent company's auditors except for ITEQ (HJ) and ITEQ (JX).

Note 3: The Company's net asset value of 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) is invested by ESIC, ITEQ (DG), ITEQ (WX). Other companies are invested by The Company by incorporating an overseas company.

Note 5: Was eliminated in the consolidated financial statements.

ITEQ Corporation and Subsidiaries
SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE PERIOD ENDED MARCH 31, 2020

TABLE 8

Unit: NTD thousand

No.	Transaction Company	Counterparty	Flow of Transactions (Note 2)	Description of Transactions (Note 3 and 5)			
				Account	Amount	Transaction Terms	Ratio of Consolidated Revenue/Assets
0	The Company	ITEQ (DG)	1	Accounts receivable	\$ 551,362	Note 4	1.88%
0	The Company	ITEQ (WX)	1	Sale	235,856	Note 4	3.19%
0	The Company	ITEQ (DG)	1	Sale	354,849	Note 4	4.80%
0	The Company	ITEQ (WX)	1	Accounts receivable	316,053	Note 4	1.08%
0	The Company	ITEQ (JX)	1	Sale	257,864	Note 4	3.49%
0	The Company	ITEQ (JX)	1	Accounts receivable	260,262	Note 4	0.89%
0	The Company	ITEQ International	1	Other receivables	313,885	Note 4	1.07%
1	IPL	ITEQ (JX)	3	Accounts receivable	340,509	Note 4	1.16%
1	IPL	ITEQ (GZ)	3	Accounts receivable	202,377	Note 4	0.69%
2	IIL	ITEQ (WX)	3	Accounts receivable	536,638	Note 4	1.83%
3	ITEQ (DG)	ITEQ (GZ)	3	Sale	484,729	Note 4	6.55%
3	ITEQ (DG)	ITEQ (JX)	3	Other receivables	882,403	Note 4	3.01%
4	ITEQ (WX)	IIL	3	Accounts receivable	607,308	Note 4	2.07%
4	ITEQ (WX)	ITEQ (JX)	3	Other receivables	1,884,573	Note 4	6.42%
5	ITEQ (GZ)	ITEQ (DG)	3	Accounts receivable	243,141	Note 4	0.83%
5	ITEQ (GZ)	ITEQ (DG)	3	Sale	317,425	Note 4	4.29%
6	ITEQ Holding	ITEQ (HK)	3	Other receivables	778,461	Note 4	2.65%
7	ITEQ (JX)	ITEQ (WX)	3	Accounts receivable	264,533	Note 4	0.90%
7	ITEQ (JX)	ITEQ (DG)	3	Accounts receivable	1,132,847	Note 4	3.86%
7	ITEQ (JX)	ITEQ (WX)	3	Sale	239,256	Note 4	3.23%
7	ITEQ (JX)	ITEQ (DG)	3	Sale	984,254	Note 4	13.31%

Note 1: The types of business transactions are indicated by the following numbers shown in the No. column:

1. 0 - ITEQ (parent company).
2. 1 to 6 - subsidiaries.

Note 2: The transaction flows were as follows:

1. from parent company to subsidiary.
2. from subsidiary to parent company.
3. between subsidiaries.

Note 3: The ratio of consolidated revenue/assets depends on the account to which it belongs. The profit and loss account is a percentage of consolidated revenue while the assets/liabilities are a percentage of consolidated total assets.

Note 4: The transaction terms are comparable to those of third parties.

Note 5: A transaction is disclosed if it amounts to more than \$200,000 thousand.

ITEQ CORPORATION
Information on main investors
March 31, 2021

Table 9

Name of major shareholder	Shares	
	No. of shares held	Ratio of shareholdings
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.	22,289,507	6.69%
The special account of the second 2018 new labor pension fund discretionary investment by Capital Securities	21,224,883	6.37%

Note 1: The table discloses shareholding information of shareholders whose shareholding percentage is more than 5%. The Taiwan Depository & Clearing Corporation (TDCC) calculates the total number of ordinary shares and special shares (including treasury shares) that have completed the dematerialized registration and delivery on the last business day of the quarter. The share capital reported in the consolidated financial statements and the actual number of shares that have completed the dematerialized registration and delivery may be different due to differences in the basis of calculation.

Note 2: The aforementioned information will be disclosed by the trustors' personal accounts settled by the trustees if the shareholders put the shares into a trust. As for the insider declaration of the ownership percentage over 10%, including the shares on hand and those being put in the trust and may be able to decide the usage of the trust assets, please refer to the declaration information on Market Observation Post System (MOPS).