

# ITEQ Corporation and Subsidiaries

## Consolidated Financial Reports and Independent Auditors' Review Report

For the Six Months Ended of June 30, 2021 and 2020

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## **Independent Auditors' Review Report**

To ITEQ Corporation:

### **Introduction**

We have audited the accompanying consolidated balance sheets of ITEQ Corporation and its subsidiaries (the "Group") as of June 30, 2021 and 2020, and the related consolidated statement of comprehensive income for the three months and six months ended June 30, 2021 and 2020, of changes in equity and of cash flows statement for the six months then ended June 30, 2021 and 2020, and the related 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 consolidated financial statements review consists of 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, some the financial statement of non-significant subsidiaries included in the consolidated financial statements for the same reporting periods were not reviewed. As of June 30, 2021 and 2020, the combined total asset of these non-significant subsidiaries NT\$1,182,116 thousand and NT\$4,593,805 thousand respectively both representing 4% and 19% of consolidated total assets, and the combined total

liabilities of non-significant subsidiaries were NT\$1,357,555 thousand and NT\$2,162,547 thousand respectively both represented 8% and 17% of consolidated total liabilities, respectively. These non-significant subsidiaries also reported total comprehensive income of NT\$25,547 thousand, NT\$156,243 thousand, NT\$39,422 thousand, and NT\$28,641 thousand that represented 3%, 23%, 3%, and 3% of consolidated total comprehensive income for the three months ended June 30, 2021 and 2020, and for the six months ended June 30, 2021 and 2020, respectively.

### **Qualified Conclusion**

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of non-significant subsidiaries as described in the preceding paragraph and the related information of these non-significant subsidiaries as disclosed in Note 32 to the consolidated financial statements been reviewed, based on our review, noting has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the group as of June 30, 2021 and 2020, and of its the consolidated financial performance for the three months and six months ended June 30, 2021 and 2020, and its consolidated cash flow for the three months and six months ended June 30, 2021 and 2020 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IASs 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

July 27, 2021

### Notice to Readers

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

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

ITEQ Corporation and Subsidiaries  
Consolidated Balance Sheets  
June 30, 2021, December 31, 2020, and June 30, 2020

Unit: NTD thousand

Code	Asset	June 30, 2021 (Reviewed)		December 31, 2020 (Audited)		June 30, 2020 (Reviewed)	
		Amount	%	Amount	%	Amount	%
<b>CURRENT ASSETS</b>							
1100	Cash and cash equivalents (Note 6)	\$ 2,749,465	8	\$ 3,287,134	13	\$ 2,565,771	11
1110	Financial assets at fair value through profit or loss (Note 7)	5,315	-	5,696	-	11,127	-
1170	Notes & accounts receivable.net (Note 8)	13,402,862	41	10,813,071	42	11,957,989	49
1200	Other receivables (Note 26)	546,932	2	89,485	-	282,770	1
1220	Current tax assets	32,452	-	911	-	-	-
130X	Inventories - net (Note 9)	4,161,483	13	3,243,143	13	3,199,209	13
1479	Other current assets (Note 14)	1,413,974	4	1,165,187	4	979,560	4
11XX	Total current assets	<u>22,312,483</u>	<u>68</u>	<u>18,604,627</u>	<u>72</u>	<u>18,996,426</u>	<u>78</u>
<b>NON-CURRENT ASSETS</b>							
1517	Financial assets at fair value through other comprehensive income - non-current (Note 10)	30,971	-	37,655	-	25,283	-
1600	Property, plant and equipment (Note 11)	6,486,649	20	4,529,625	18	4,067,918	17
1755	Right-of-use assets (Notes 12 and 27)	339,519	1	370,720	1	393,878	1
1780	Intangible assets (Note 13)	8,297	-	8,713	-	8,735	-
1840	Deferred tax assets	327,635	1	193,380	1	301,296	1
1990	Other non-current assets (Notes 14 and 27)	3,192,626	10	1,939,658	8	639,269	3
15XX	Total non-current assets	<u>10,385,697</u>	<u>32</u>	<u>7,079,751</u>	<u>28</u>	<u>5,436,379</u>	<u>22</u>
1XXX	Total assets	<u>\$ 32,698,180</u>	<u>100</u>	<u>\$ 25,684,378</u>	<u>100</u>	<u>\$ 24,432,805</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>							
<b>CURRENT LIABILITIES</b>							
2100	Short-term borrowings (Note 15)	\$ 2,224,398	7	\$ 2,231,446	9	\$ 1,091,028	4
2110	Short-term bills payable - net (Note 15)	389,807	1	49,985	-	149,923	1
2170	Notes and accounts payable	7,661,109	23	4,857,717	19	6,292,769	26
2216	Cash dividends payable	-	-	-	-	1,664,786	7
2219	Other payables (Note 16)	4,090,946	13	1,744,610	7	1,049,687	4
2230	Current tax liabilities	792,035	2	870,907	4	721,676	3
2250	Provisions for liabilities – current (Note 17)	12,205	-	31,619	-	19,661	-
2280	Lease liabilities - current (Notes 12 and 27)	55,365	-	54,788	-	52,703	-
2320	Current portion of long-term borrowings (Note 15)	529,412	2	88,235	-	117,647	1
2399	Other current liabilities (Note 20)	68,183	-	49,454	-	58,898	-
21XX	Total current liabilities	<u>15,823,460</u>	<u>48</u>	<u>9,978,761</u>	<u>39</u>	<u>11,218,778</u>	<u>46</u>
<b>NON-CURRENT LIABILITIES</b>							
2580	Lease liabilities - non-current (Notes 12 and 27)	248,463	1	277,342	1	301,080	1
2540	Long-term borrowings (Note 15)	1,370,000	4	1,640,000	6	919,412	4
2570	Deferred tax liabilities	485,411	2	358,118	2	387,729	2
2645	Guarantee deposits	32,901	-	36,503	-	34,234	-
25XX	Total non-current liabilities	<u>2,136,775</u>	<u>7</u>	<u>2,311,963</u>	<u>9</u>	<u>1,642,455</u>	<u>7</u>
2XXX	Total liabilities	<u>17,960,235</u>	<u>55</u>	<u>12,290,724</u>	<u>48</u>	<u>12,861,233</u>	<u>53</u>
<b>Equity</b>							
Equity attributable to the Company (Notes 19 and 24)							
3100	Share capital	3,329,572	10	3,329,572	13	3,329,572	14
3200	Capital surplus	3,682,051	11	3,682,051	14	3,682,051	15
Retained earnings							
3310	Legal reserve	1,618,630	5	1,618,630	7	1,618,630	7
3320	Special reserve	583,390	2	583,390	2	583,390	2
3350	Unappropriated earnings	6,127,442	19	4,624,947	18	3,202,325	13
3300	Total retained earnings	8,329,462	26	6,826,967	27	5,404,345	22
3400	Other equities	(603,140)	(2)	(444,936)	(2)	(844,396)	(4)
3XXX	Total equity	<u>14,737,945</u>	<u>45</u>	<u>13,393,654</u>	<u>52</u>	<u>11,571,572</u>	<u>47</u>
Total liabilities and equity		<u>\$ 32,698,180</u>	<u>100</u>	<u>\$ 25,684,378</u>	<u>100</u>	<u>\$ 24,432,805</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 July 27, 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 and six months ended June 30, 2021 and 2020

NTD thousand, Except Earnings Per Share

Code		For the three months ended June 30, 2021		For the three months ended June 30, 2020		For the six months ended June 30, 2021		For the six months ended June 30, 2020	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	OPERATING REVENUE (Note 20)	\$ 8,167,579	100	\$ 7,471,988	100	\$ 15,564,115	100	\$ 13,090,205	100
5000	OPERATING COSTS (Notes 9 and 21)	<u>6,542,149</u>	<u>80</u>	<u>5,905,488</u>	<u>79</u>	<u>12,568,631</u>	<u>81</u>	<u>10,465,255</u>	<u>80</u>
5900	GROSS PROFIT	<u>1,625,430</u>	<u>20</u>	<u>1,566,500</u>	<u>21</u>	<u>2,995,484</u>	<u>19</u>	<u>2,624,950</u>	<u>20</u>
	OPERATING EXPENSES (Notes 21 and 27)								
6100	Selling and marketing expenses	149,648	2	171,047	2	301,541	2	292,113	2
6200	General and administrative expenses	260,933	3	223,450	3	505,745	3	471,840	4
6300	Research and development expenses	81,382	1	91,293	1	183,418	1	188,040	1
6450	Expected credit loss (gain)	( <u>8,514</u> )	<u>-</u>	<u>-</u>	<u>-</u>	( <u>4,168</u> )	<u>-</u>	<u>-</u>	<u>-</u>
6000	Total operating expenses	<u>483,449</u>	<u>6</u>	<u>485,790</u>	<u>6</u>	<u>986,536</u>	<u>6</u>	<u>951,993</u>	<u>7</u>
6900	INCOME FROM OPERATIONS	<u>1,141,981</u>	<u>14</u>	<u>1,080,710</u>	<u>15</u>	<u>2,008,948</u>	<u>13</u>	<u>1,672,957</u>	<u>13</u>
	NON-OPERATING INCOME AND EXPENSES (Notes 21 and 27)								
7010	Other income	23,665	-	15,546	-	38,045	-	35,851	-
7050	Financial costs	( 12,878 )	-	( 11,578 )	-	( 34,915 )	-	( 35,435 )	-
7020	Other gains or losses	( <u>30,249</u> )	( <u>1</u> )	( <u>8,112</u> )	<u>-</u>	( <u>46,582</u> )	<u>-</u>	( <u>84,781</u> )	( <u>1</u> )
7000	Total non-operating income and expenses	( <u>19,462</u> )	( <u>1</u> )	( <u>4,144</u> )	<u>-</u>	( <u>43,452</u> )	<u>-</u>	( <u>84,365</u> )	( <u>1</u> )
7900	INCOME BEFORE INCOME TAX	1,122,519	13	1,076,566	15	1,965,496	13	1,588,592	12
7950	INCOME TAX EXPENSE (Note 22)	<u>262,565</u>	<u>3</u>	<u>210,963</u>	<u>3</u>	<u>463,001</u>	<u>3</u>	<u>345,571</u>	<u>2</u>
8200	NET INCOME FOR THE PERIOD	<u>859,954</u>	<u>10</u>	<u>865,603</u>	<u>12</u>	<u>1,502,495</u>	<u>10</u>	<u>1,243,021</u>	<u>10</u>
	OTHER COMPREHENSIVE INCOME								
8310	Items that will not be reclassified subsequently to profit or loss								
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (Note 19)	( 5,847 )	-	( 2,067 )	-	( 6,684 )	-	( 3,222 )	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (Note 22)	227	-	412	-	346	-	642	-
8360	Items that may be reclassified subsequently to profit or loss:								
8361	Exchange differences on translation (Note 19)	( 109,884 )	( 1 )	( 233,003 )	( 3 )	( 189,832 )	( 1 )	( 323,033 )	( 2 )
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (Note 22)	<u>21,976</u>	<u>-</u>	<u>46,601</u>	<u>-</u>	<u>37,966</u>	<u>-</u>	<u>64,607</u>	<u>-</u>
8300	Other comprehensive income of the current year (net amount after-tax)	( <u>93,528</u> )	( <u>1</u> )	( <u>188,057</u> )	( <u>3</u> )	( <u>158,204</u> )	( <u>1</u> )	( <u>261,006</u> )	( <u>2</u> )
8500	TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 766,426</u>	<u>9</u>	<u>\$ 677,546</u>	<u>9</u>	<u>\$ 1,344,291</u>	<u>9</u>	<u>\$ 982,015</u>	<u>8</u>
	NET PROFIT ATTRIBUTABLE TO:								
8610	Owners of the Company	<u>\$ 859,954</u>	<u>11</u>	<u>\$ 865,603</u>	<u>12</u>	<u>\$ 1,502,495</u>	<u>10</u>	<u>\$ 1,243,021</u>	<u>10</u>
	TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
8710	Owners of the Company	<u>\$ 766,426</u>	<u>9</u>	<u>\$ 677,546</u>	<u>9</u>	<u>\$ 1,344,291</u>	<u>9</u>	<u>\$ 982,015</u>	<u>8</u>

(To be Continued)

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Code	EARNINGS PER SHARE (Note 23)	For the three months ended June 30, 2021		For the three months ended June 30, 2020		For the six months ended June 30, 2021		For the six months ended June 30, 2020	
		Amount	%	Amount	%	Amount	%	Amount	%
9710	Basic	<u>\$ 2.58</u>		<u>\$ 2.60</u>		<u>\$ 4.51</u>		<u>\$ 3.91</u>	
9810	Diluted	<u>\$ 2.58</u>		<u>\$ 2.60</u>		<u>\$ 4.49</u>		<u>\$ 3.89</u>	

The accompanying notes are an integral part of the consolidated financial statements  
(Please see the Review Report of Deloitte & Touche on July 27, 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 periods January 1 to June 30, 2021 and 2020  
(Reviewed after Re-statement, Not Audited)

Unit: NTD thousand

Code		Share capital		Capital surplus (Notes 19 and 24)	Retained earnings (Note 19)			Other equity interest (Note 19)		Total Equity
		Ordinary Shares (Thousands)	Amount (Note 19)		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 income for the six months ended June 30, 2020	-	-	-	-	-	1,243,021	-	-	1,243,021
D3	Other comprehensive income (loss) for the six months ended June 30, 2020	-	-	-	-	-	-	(258,426)	(2,580)	(261,006)
D5	Total comprehensive income (loss) for the six months ended June 30, 2020	-	-	-	-	-	1,243,021	(258,426)	(2,580)	982,015
	Appropriation and distribution of retained earnings for 2019:									
B1	Legal reserve	-	-	-	246,330	-	(246,330)	-	-	-
B3	Special reserve	-	-	-	-	377,710	(377,710)	-	-	-
B5	Cash dividends	-	-	-	-	-	(1,664,786)	-	-	(1,664,786)
E1	Capital increase by cash	30,000	300,000	2,994,216	-	-	-	-	-	3,294,216
N1	Share-based payment-the employee stock option	-	-	34,596	-	-	-	-	-	34,596
Z1	BALANCE AS AT JUNE 30, 2020	332,957	\$ 3,329,572	\$ 3,682,051	\$ 1,618,630	\$ 583,390	\$ 3,202,325	(\$ 839,537)	(\$ 4,859)	\$ 11,571,572
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 income for the six months ended June 30, 2021	-	-	-	-	-	1,502,495	-	-	1,502,495
D3	Other comprehensive income for the six months ended June 30, 2021	-	-	-	-	-	-	(151,866)	(6,338)	(158,204)
D5	Total comprehensive income for the six months ended June 30, 2021	-	-	-	-	-	1,502,495	(151,866)	(6,338)	1,344,291
Z1	BALANCE AS AT JUNE 30, 2021	332,957	\$ 3,329,572	\$ 3,682,051	\$ 1,618,630	\$ 583,390	\$ 6,127,442	(\$ 594,373)	(\$ 8,767)	\$ 14,737,945

The accompanying notes are an integral part of the consolidated financial statements  
(Please see the Review Report of Deloitte & Touche on July 27, 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 periods January 1 to June 30, 2021 and 2020  
(Reviewed after Re-statement, Not Audited)

Unit: NTD thousand

Code		January 1 to June 30, 2021	January 1, 2020 to June 30
	<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
A10000	Income before income tax	\$ 1,965,496	\$ 1,588,592
A20010	Adjustments for:		
A20100	Depreciation expenses	450,619	394,826
A21900	Share-based compensation payment	-	34,596
A20300	Expected credit loss recognized (reversal)	( 4,168 )	-
A29900	Amortization expense	31,641	17,094
A20900	Financial costs	34,915	35,435
A29900	Reversal of provisions fair value through profit or loss	( 19,154 )	( 3,006 )
A20400	Loss on Financial assets at FVITPL	381	17,597
A21200	Interest income	( 5,989 )	( 7,159 )
A23800	Write-down of inventories	38,087	30,720
A22500	Loss on disposal of property, plant and equipment	10,632	3,910
A23700	Loss on impairment of property, plant and equipment	( 18,707 )	-
A29900	Losses from disaster	68,040	-
A24100	Net unrealized loss on foreign currency exchange	14,516	14,614
A30000	Changes in operating assets and liabilities		
A31130	Notes receivable	( 221,089 )	( 746,005 )
A31150	Accounts receivable	( 3,422,851 )	( 1,789,192 )
A31180	Other receivables	( 58,275 )	( 68,327 )
A31200	Inventories	( 1,174,474 )	( 595,716 )
A31230	Offset against value-added tax payable	( 238,651 )	( 105,099 )
A31240	Other current assets	( 38,382 )	( 12,540 )
A32130	Notes payable	-	737
A32150	Accounts payable	2,769,961	( 65,429 )
A32180	Other payables	1,221,240	( 241,062 )
A32230	Other current liabilities	16,449	20,569
A33000	Cash inflow (outflow) generated from operations	1,420,237	( 1,474,845 )
A33300	Interest paid	( 27,237 )	( 30,673 )
A33500	Income tax paid	( 422,876 )	( 464,940 )
AAAA	Net cash inflow (outflow) from operating activities	<u>970,124</u>	<u>( 1,970,458 )</u>

(To be Continued)

(Continued)

Code		January 1, 2021 to June 30	January 1, 2020 to June 30
	CASH FLOWS FROM INVESTING ACTIVITIES		
	LOSS		
B00200	Proceeds from sale of financial assets at fair value through profit or loss	\$ -	\$ 64,295
B07500	Interest received	5,436	6,606
B07100	Increase in pre-payments for equipment	( 2,256,317 )	( 176,553 )
B02700	Payments for property, plant and equipment	( 651,100 )	( 68,494 )
B02800	Proceeds from disposal of property, plant and equipment	353	6,787
B03700	Increase in refundable deposits	( 4,953 )	( 51,248 )
B03800	Decrease in refundable deposits	65,147	1,334
B06700	Increase in other non-current assets	( 54,283 )	( 85,010 )
BBBB	Net cash used in investing activities	<u>( 2,895,717 )</u>	<u>( 302,283 )</u>
	CASH FLOWS FROM FINANCING ACTIVITIES		
C00200	Increase (decrease) in short-term borrowings	9,693	( 2,279,236 )
C00600	Increase (decrease) in commercial paper payables	339,800	( 240,443 )
C01600	Proceeds from long-term borrowings	230,000	390,000
C01700	Re-payments of long-term borrowings	( 58,823 )	( 758,823 )
C03000	Increase in guarantee deposits	5,283	22,796
C03100	Decrease in guarantee deposits	( 4,591 )	( 18,938 )
C04020	Re-payment of the principal portion of lease liabilities	( 27,143 )	( 30,262 )
C09900	Decrease in notes receivable	817,243	1,050,952
C04600	Capital increase by cash	<u>-</u>	<u>3,294,216</u>
CCCC	Net cash inflow from financing activities	<u>1,311,462</u>	<u>1,430,262</u>
DDDD	EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>76,462</u>	<u>( 129,810 )</u>
EEEE	NET DECREASE IN CASH AND CASH EQUIVALENTS	( 537,669 )	( 972,289 )
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>\$ 2,749,465</u>	<u>\$ 2,565,771</u>

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

(Please see the Review Report of Deloitte & Touche on July 27, 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 six months ended June 30, 2021 and 2020  
 (Reviewed after Re-statement, Not Audited)  
 (NTD thousand, Unless Stated Otherwise)

I. Company history

ITEQ Corporation (the “Company”) was incorporated on April 10, 1997. It manufactures and sells mass lamination boards, copper-clad laminates, prepreg, 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, collectively referred to as the “Group” are presented in the Company’s functional currency, the New Taiwan dollar.

II. Authorization of Financial Statements

The Group’s consolidated financial report were reported to the Board of Directors and issued on July 27, 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 a 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”	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
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 6)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 7)

(To be Continued)

(Continued)

<u>New, Revised, or Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB (Note 1)</u>
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 8)
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" are applied prospectively 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: The amendments are applicable to business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2022.

Note 4: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2022.

Note 5: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligation on 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: In addition to recognizing deferred income tax on the temporary differences between a lease and decommissioning liabilities as at January 1, 2022. The amendment also applies to transactions that occur on and after January 1, 2022.

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 accounting policies. The Group 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” 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 a historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

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 (i.e., its 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 included in the consolidated financial statements are as follows:

Investor	Investee	Main Business	% of Ownership		
			June 30, 2021	December 31, 2020	June 30, 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 Re-investment	100%	100%	100%
	IPL	Import/Export	100%	100%	100%

(To be Continued)

(Continued)

Investor	Investee	Main Business	% of Ownership		
			June 30, 2021	December 31, 2020	June 30, 2020
	IIL	Import/Export	100%	100%	100%
	Eagle Great	Mainland China	100%	100%	100%
	ITEQ (HK)	Re-investment Mainland China	100%	100%	100%
ESIC	ITEQ (DG)	Re-investment 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 resolved and approved the proposal to increase the capital of ITEQ (JX) by US\$80,000 thousand during the meeting held on March 23, 2021.

The Company's Board of Directors resolved and approved the proposal to increase the capital of ITEQ (JX) by US\$60,000 thousand during the meeting held on February 6, 2020, which has been fully received.

For the six months ended June 30, 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 six months ended June 30, 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

The pension cost in the interim period was calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year, adjusted for significant market fluctuations since that time and significant plan amendments, settlements or other significant one-time 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 assessed 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 Employees Stock Option

In accordance with article 267 of the Company Act, the Group shall keep part of the issued shares for employees' stock options while capital increase 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. It will adjust the Capital Surplus-Employees Stock Option simultaneously. The Group recognizes the grant date as the date confirming the ordinary 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

	June 30, 2021	December 31, 2020	June 30, 2020
Cash on hand	\$ 256	\$ 285	\$ 277
Cash in banks	1,687,748	2,107,612	1,523,949
Cash equivalents			
Bank acceptances	1,061,461	1,179,237	1,027,026
Time deposits	-	-	14,519
	<u>\$ 2,749,465</u>	<u>\$ 3,287,134</u>	<u>\$ 2,565,771</u>

The range of market interest rates on deposits and cash equivalents on the balance sheet date is as follows:

	June 30, 2021	December 31, 2020	June 30, 2020
Cash in banks	0.00%~1.55%	0.00%~1.61%	0.00%~0.25%
Time deposit	-	-	0.35%

VII.	<u>Financial instruments at fair value through profit or loss</u>	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
	<u>Current</u>			
	Financial assets mandatorily measured at FVTPL			
	Securities listed in ROC			
	Equity Securities	\$ <u>5,315</u>	\$ <u>5,696</u>	\$ <u>11,127</u>
VIII.	<u>Notes and accounts receivable - Net</u>	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
	<u>Notes receivable</u>			
	At amortized cost	\$ <u>1,064,259</u>	\$ <u>1,689,567</u>	\$ <u>970,033</u>
	<u>Accounts receivable</u>			
	At amortized cost			
	Gross carrying amount	\$ 12,344,694	\$ 9,133,845	\$ 11,040,346
	Less: Loss allowance	<u>6,091</u>	<u>10,341</u>	<u>52,390</u>
	Net	\$ <u>12,338,603</u>	\$ <u>9,123,504</u>	\$ <u>10,987,956</u>
	Total	\$ <u>13,402,862</u>	\$ <u>10,813,071</u>	\$ <u>11,957,989</u>

The average credit term on sales 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 and will take further actions of factoring or insurance, if necessary, in order to reduce the Group's credit risk.

The Group applies the simplified approach to provide for its loss allowance used for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all accounts receivables. The expected credit losses on accounts 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 for the accounts receivables past due are over 90 days, whichever occurs earlier. For accounts receivables that have been written off, the Group continues its 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 accounts receivables based on the Group's provision matrix.

### June 30, 2021

	<u>Not Past Due</u>	<u>Past Due within 30 Days</u>	<u>Past Due 31 to 90 Days</u>	<u>Past Due Over 91 Days</u>	<u>Total</u>
Expected credit loss rate	0.04%	0.93%	11.30%	100.00%	
Gross carrying amount	\$12,298,373	\$ 40,180	\$ 6,141	\$ -	\$12,344,694
Loss allowance (lifetime ECLs)	( <u>5,025</u> )	( <u>372</u> )	( <u>694</u> )	-	( <u>6,091</u> )
Amortized cost	<u>\$12,293,348</u>	<u>\$ 39,808</u>	<u>\$ 5,447</u>	<u>\$ -</u>	<u>\$12,338,603</u>

### December 31, 2020

	<u>Not Past Due</u>	<u>Past Due within 30 Days</u>	<u>Past Due 31 to 90 Days</u>	<u>Past Due Over 91 Days</u>	<u>Assessment of individual impairment losses</u>	<u>Total</u>
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)	( <u>2,278</u> )	( <u>3,440</u> )	-	-	( <u>4,623</u> )	( <u>10,341</u> )
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>

### June 30, 2020

	<u>Not Past Due</u>	<u>Past Due within 30 Days</u>	<u>Past Due 31 to 90 Days</u>	<u>Past Due Over 91 Days</u>	<u>Total</u>
Expected credit loss rate	0.45%	2.81%	3.78%	100.00%	
Gross carrying amount	\$ 10,976,056	\$ 45,726	\$ 17,538	\$ 1,026	\$ 11,040,346
Loss allowance (lifetime ECLs)	( <u>49,415</u> )	( <u>1,286</u> )	( <u>663</u> )	( <u>1,026</u> )	( <u>52,390</u> )
Amortized cost	<u>\$ 10,926,641</u>	<u>\$ 44,440</u>	<u>\$ 16,875</u>	<u>\$ -</u>	<u>\$ 10,987,956</u>

Changes in loss provision on accounts receivable:

	<u>For the six months ended June 30, 2021</u>	<u>For the six months ended June 30, 2020</u>
Beginning balance	\$ 10,341	\$ 71,725
Impairment losses reversed in the current period	( 4,168)	-
Less: Amounts written off	-	( 17,663)
Foreign exchange gains and losses	( <u>82</u> )	( <u>1,672</u> )
Ending balance	<u>\$ 6,091</u>	<u>\$ 52,390</u>

IX. Inventories - net

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Finished goods	\$ 751,053	\$ 524,526	\$ 796,305
Work in progress	218,187	187,111	192,537
Raw materials	3,113,966	2,487,105	2,151,179
Inventories in transit	<u>78,277</u>	<u>44,401</u>	<u>59,188</u>
	<u>\$ 4,161,483</u>	<u>\$ 3,243,143</u>	<u>\$ 3,199,209</u>

Inventory-related cost of goods sold for the three months ended June 30, 2021 and 2020, and for the six months ended June 30, 2021 and 2020, were NT\$6,542,149 thousand and NT\$5,905,488 thousand, NT\$12,568,231 thousand and NT\$10,465,255 thousand, respectively, including write-downs of inventory of NT\$22,055 thousand, NT\$30,720 thousand and NT\$38,087 thousand, and NT\$30,720 thousand, respectively.

The Group encountered a fire accident on April 14, 2021; loss of inventory was estimated at NT\$150,050 thousand and presented as other gains or losses. See Note 30 for details.

X. Financial assets at for value through other comprehensive income

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
<u>NON-CURRENT</u>			
Domestic investment			
TMY Technology Inc.	\$ 5,043	\$ 10,000	\$ -
Foreign investments			
TIEF FUND, L.P.	<u>25,928</u>	<u>27,655</u>	<u>25,283</u>
	<u>\$ 30,971</u>	<u>\$ 37,655</u>	<u>\$ 25,283</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>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
<u>BOOK VALUE FOR EACH</u>			
<u>CATEGORY</u>			
Buildings	\$ 2,296,868	\$ 1,442,128	\$ 1,307,921
Equipment	3,447,887	2,382,798	2,022,306
Transport Equipment	8,119	8,999	3,620
Facilities	103,753	167,741	152,571
Other Equipment	584,937	426,052	457,945
Leased Improvements	<u>45,085</u>	<u>101,907</u>	<u>123,555</u>
	<u>\$ 6,486,649</u>	<u>\$ 4,529,625</u>	<u>\$ 4,067,918</u>

The Group encountered a fire accident on April 14, 2021; loss of property, plant, and equipment was estimated at NT\$261,148 thousand and presented as other gains or losses. See Note 30 for details.

The Group recognized net reversal of impairment losses on property, plant, and equipment totaling NT\$18,707 thousand for the six months ended June 30, 2021. This amount included a NT\$21,345 thousand reversal on subsidiary - ITEQ (DG) as it was no longer considered impaired following an increase in expected future cash flow, and a NT\$2,638 thousand impairment loss on subsidiary - ITEQ (WX) as some of its machinery became idle and had recoverable amount falling below book value following a decrease in market demand.

Apart from depreciation expenses, reclassifications, and the situations described above, there was no material addition, disposal, or impairment of the consolidated entity's property, plant, and equipment for the six months ended June 30, 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
Equipment	
Mechanical and electrical 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>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Right-of-use assets amounts			
Buildings	\$ 299,791	\$ 329,650	\$ 353,802
Land	<u>39,728</u>	<u>41,070</u>	<u>40,076</u>
	<u>\$ 339,519</u>	<u>\$ 370,720</u>	<u>\$ 393,878</u>

	April 1 to June 30, 2021	April 1 to June 30, 2020	January 1 to June 30, 2021	January 1 to June 30, 2020
The additions of the right-of-use assets	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,376</u>
Depreciation charge for right-of-use assets				
Buildings	\$ 11,070	\$ 10,976	\$ 22,181	\$ 22,037
Land	<u>3,650</u>	<u>3,559</u>	<u>7,341</u>	<u>7,200</u>
	<u>\$ 14,720</u>	<u>\$ 14,535</u>	<u>\$ 29,522</u>	<u>\$ 29,237</u>

Apart from depreciation expenses and the additions described above, there was no material addition, subletting, or impairment of the consolidated entity's right-of-use assets for the six months ended 30, 2021 and 2020.

(II) Lease liabilities

	June 30, 2021	December 31, 2020	June 30, 2020
Lease liabilities amounts			
Current	<u>\$ 55,365</u>	<u>\$ 54,788</u>	<u>\$ 52,703</u>
Non-current	<u>\$ 248,463</u>	<u>\$ 277,342</u>	<u>\$ 301,080</u>

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

	June 30, 2021	December 31, 2020	June 30, 2020
Buildings	1.60%~4.90%	1.60%~4.90%	1.60%~4.90%

(III) Material lease activities and terms

The Group leased 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 m<sup>2</sup> 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 m<sup>2</sup> and 15,432 m<sup>2</sup> 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 m<sup>2</sup> in Yonghe Economic Zone, Guangzhou Economic and Technological Development Zone in 2009, and the amortization of the right is 50 years. In 2018, ITEQ (JX) obtained the land use right of 163,680 m<sup>2</sup> in Longnan County, JiangXi 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.

(IV) Other lease information

	For the three months ended		For the six months ended	
	June 30		June 30	
	2021	2020	2021	2020
Expenses relating to short-term and low-value asset leases	<u>\$ 13,934</u>	<u>\$ 10,275</u>	<u>\$ 24,567</u>	<u>\$ 21,425</u>
Total cash outflow for leases	<u>(\$ 29,554)</u>	<u>(\$ 25,233)</u>	<u>(\$ 55,895)</u>	<u>(\$ 51,687)</u>

The Group leases certain mechanical equipment, which qualifies as short-term leases and certain office equipment which qualifies 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

	June 30, 2021	December 31, 2020	June 30, 2020
Goodwill	<u>\$ 8,297</u>	<u>\$ 8,713</u>	<u>\$ 8,735</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

	June 30, 2021	December 31, 2020	June 30, 2020
Offset against value-added tax payable	\$ 1,260,722	\$ 1,062,234	\$ 832,890
Pre-payment to suppliers	30,235	12,608	22,743
Prepaid expense and others	<u>123,017</u>	<u>90,345</u>	<u>123,927</u>
	<u>\$ 1,413,974</u>	<u>\$ 1,165,187</u>	<u>\$ 979,560</u>

Other non-current assets

	June 30, 2021	December 31, 2020	June 30, 2020
Pre-payments for equipment	\$ 2,742,989	\$ 1,583,521	\$ 300,583
Long-term prepayments	231,339	96,279	94,020
Materials and supplies	66,232	61,229	42,276
Net defined benefit plan assets	20,163	19,979	19,592
Refundable deposits	<u>131,903</u>	<u>178,650</u>	<u>182,798</u>
	<u>\$ 3,192,626</u>	<u>\$ 1,939,658</u>	<u>\$ 639,269</u>

XV. Borrowings

(I) Short-term borrowings

Refers to bank revolving credit loans; borrowing interest rates as at June 30, 2021, December 31, 2020, and June 30, 2020 were 0.61%-0.99%, 0.65%-1.15% and 0.85%-2.30%, respectively.

(II) Short-term bills payable - net

Outstanding short-term bills payable were as follows:

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Commercial paper	\$ 390,000	\$ 50,000	\$ 150,000
Less: Unamortized discounts on bills payable	<u>193</u>	<u>15</u>	<u>77</u>
	<u>\$ 389,807</u>	<u>\$ 49,985</u>	<u>\$ 149,923</u>
Interest rate	0.83%~0.85%	0.86%	0.89%

(III) Long-term borrowings

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Credit loans	\$ 1,899,412	\$ 1,728,235	\$ 1,037,059
Less: Current portion	<u>529,412</u>	<u>88,235</u>	<u>117,647</u>
Long-term borrowings	<u>\$ 1,370,000</u>	<u>\$ 1,640,000</u>	<u>\$ 919,412</u>
Interest rate	0.64%~0.89%	0.64%~0.94%	0.64%~1.00%
Contract start/end	August 27, 2014~June 4, 2023	August 27, 2014~September 30, 2022	August 27, 2014~May 24, 2022

The Company entered into a two-year credit loan agreement with the Bank of China with an aggregate amount of US\$25,000 thousand. As of June 30, 2021 and December 31, 2020, NT\$670,000 thousand was used.

The Company signed a two-year credit agreement with KGI Commercial Bank for NT\$700,000 thousand and NT\$500,000 thousand of banking facilities. As of June 30, 2021, December 31, 2020, and June 30, 2020, the Company had drawn NT\$700,000 thousand, \$470,000 thousand, and \$190,000 thousand, respectively.

The Company obtained a NT\$500,000 thousand bank loan under a three-year revolving agreement with the Agricultural Bank of Taiwan. As of June 30, 2021, December 31, 2020, and June 30, 2020, the Company had drawn NT\$500,000 thousand.

The Company entered into a two-year credit loan agreement with Bank Sinopac with an aggregate amount of \$200,000 thousand. As of June 30, 2020, NT\$200,000 thousand was used. The bank loan agreement stipulated that: 1) The ratio of current assets to current liabilities shall not be lower than 100%. 2) The ratio of liabilities to net tangible assets shall not be higher than 175%. 3) Interest coverage shall not be lower than 400%. 4) The net value of tangible assets shall not be lower than \$5,000,000 thousand.

The Company entered into a seven-year credit loan agreement with O-Bank with an aggregate amount of NT\$500,000 thousand. On June 30, 2021, December 31, 2020, and June 30, 2020, NT\$470,588 thousand, NT\$411,765 thousand, and NT\$352,941 thousand were repaid, 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

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Salary payables and employee remuneration	\$ 606,291	\$ 565,986	\$ 582,921
Construction and equipment payables	3,016,977	909,919	122,119
Others	<u>467,678</u>	<u>268,705</u>	<u>344,647</u>
	<u>\$ 4,090,946</u>	<u>\$ 1,744,610</u>	<u>\$ 1,049,687</u>

XVII. Provisions - Current

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Sales returns and allowances	<u>\$ 12,205</u>	<u>\$ 31,619</u>	<u>\$ 19,661</u>

Changes in provisions were as follows:

	<u>January 1 to June 30, 2021</u>	<u>January 1 to June 30, 2020</u>
Beginning balance	\$ 31,619	\$ 23,173
Reversal	(19,154)	(3,006)
Effect of exchange rate changes	<u>(260)</u>	<u>(506)</u>
Ending balance	<u>\$ 12,205</u>	<u>\$ 19,661</u>

The provision for sales 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.

XVIII. Retirement benefit plans

Pension benefits recognized under the defined benefit plan for the three months ended June 30, 2021 and 2020, and for the six months ended June 30, 2021 and 2020, were calculated using the actuarially determined pension cost rate as at December 31, 2020 and 2019; the amounts calculated were NT\$18 thousand, NT\$36 thousand, NT\$36 thousand, and NT\$73 thousand, respectively.

XIX. Equity

(I) Share capital  
Ordinary shares

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Authorized ordinary 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 ordinary 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 May 4, 2021, the Company's Board of Directors approved a resolution to issue 50,000 thousand new shares, with a par value of NT\$10, with subscription price of NT\$130 per share. The sum of cash issue in par value terms is NT\$500,000 thousand. The cash issue has been effected with FSC's acknowledgment, and the baseline date of cash issue was set at July 25, 2021.

On February 6, 2020, the Company's Board of directors resolved to issue 30,000 thousand new shares, with a par value of NT\$10, with subscription price of NT\$110 per share. The total amount is NT\$300,000 thousand, and the subscription base date was set by the Board of Directors on March 31, 2020. The total collected capital is NT\$3,294,216 thousand after deducting the administration fee. The capital was all collected and the change of capital was registered.

(II) Capital surplus

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
<u>May be used to offset a deficit, distributed cash dividend or transferred to shares (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 employee stock options (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>

- 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).
- The capital surplus generated from the portion of the non-cash flow and the expired share option 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 Company's amended Articles of Incorporation, 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 been 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 were proposed in the board of directors meetings on March 23, 2021. The appropriations were as follows:

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

The Company suspended the shareholder meeting it had previously scheduled following FSC's announcement on "Relevant measures for the postponement of shareholder meetings by public companies due to epidemic." The appropriation of the 2020 earnings was passed during the Company's annual general meeting on July 2, 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 equity items

1. Exchange differences on translating the financial statements of foreign operations

	For the six months ended June 30 2021	For the six months ended June 30 2020
Beginning balance	<u>(\$ 442,507)</u>	<u>(\$ 581,111)</u>
Recognized during the period		
Exchange differences on translating the financial statements of foreign operations	( 189,832)	( 323,033)
Effect of income tax	<u>37,966</u>	<u>64,607</u>
Other comprehensive income recognized for the period	( <u>151,866</u> )	( <u>258,426</u> )
Ending balance	<u>(\$ 594,373)</u>	<u>(\$ 839,537)</u>

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

	For the six months ended June 30 2021	For the six months ended June 30 2020
Beginning balance	<u>(\$ 2,429)</u>	<u>(\$ 2,279)</u>
Recognized during the period		
Unrealized loss-equity instruments	( 6,684)	( 3,222)
Effect of income tax	<u>346</u>	<u>642</u>
Other comprehensive income recognized for the period	( <u>6,338</u> )	( <u>2,580</u> )
Ending balance	<u>(\$ 8,767)</u>	<u>(\$ 4,859)</u>

XX. Operating revenue

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Copper Clad Laminate	\$ 5,772,282	\$ 4,966,816	\$ 10,609,245	\$ 8,867,097
Polypropylene Laminate	2,205,429	2,273,016	4,587,711	3,865,740
Others	<u>189,868</u>	<u>232,156</u>	<u>367,159</u>	<u>357,368</u>
	<u>\$ 8,167,579</u>	<u>\$ 7,471,988</u>	<u>\$ 15,564,115</u>	<u>\$ 13,090,205</u>

Up until June 30, 2021, December 31, 2020, and June 30, 2020, the balance of the Consolidated Company's contract liabilities from product sales totaled NT\$49,421 thousand, NT\$22,976 thousand, and NT\$21,010 thousand (recorded as other current liabilities), respectively. The change in contract liabilities is mainly due to the difference between the point of meeting the performance obligation and the time of payment by the customer.

XXI. Income before Income Tax

(I) Other income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Interest income	\$ 2,914	\$ 3,089	\$ 5,989	\$ 7,159
Grant income	11,523	7,839	15,048	12,140
Other income	<u>9,228</u>	<u>4,618</u>	<u>17,008</u>	<u>16,552</u>
	<u>\$ 23,665</u>	<u>\$ 15,546</u>	<u>\$ 38,045</u>	<u>\$ 35,851</u>

(II) Other gains or losses

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Net foreign exchange (loss) gain	\$ 23,569	(\$ 13,489)	\$ 18,453	(\$ 62,323)
Net gain or loss on financial assets at FVTPL	( 606)	6,424	( 381)	( 17,597)
Loss from disposal of property, plant and equipment	( 3,807)	( 74)	( 10,632)	( 3,910)
Loss on impairment of property, plant and equipment	21,345	-	18,707	-
Losses from disaster (Note 30)	( 68,040)	-	( 68,040)	-
Other losses	( <u>2,710</u> )	( <u>973</u> )	( <u>4,689</u> )	( <u>951</u> )
	<u>(\$ 30,249)</u>	<u>(\$ 8,112)</u>	<u>(\$ 46,582)</u>	<u>(\$ 84,781)</u>

(III) Depreciation and amortization

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Property, plant, and equipment	\$ 218,237	\$ 176,798	\$ 421,097	\$ 365,589
Right-of-use assets	14,720	14,535	29,522	29,237
Pre-payments	<u>20,418</u>	<u>10,336</u>	<u>31,641</u>	<u>17,094</u>
	<u>\$ 253,375</u>	<u>\$ 201,669</u>	<u>\$ 482,260</u>	<u>\$ 411,920</u>
An analysis of depreciation by function				
Operating costs	\$ 205,827	\$ 171,176	\$ 398,555	\$ 354,372
Operating expenses	<u>27,130</u>	<u>20,157</u>	<u>52,064</u>	<u>40,454</u>
	<u>\$ 232,957</u>	<u>\$ 191,333</u>	<u>\$ 450,619</u>	<u>\$ 394,826</u>
An analysis of amortization by function				
Operating costs	\$ 18,114	\$ 6,563	\$ 27,416	\$ 10,002
Selling and marketing expenses	2	3	5	6
General and administrative expenses	1,937	3,483	3,765	6,538
Research and development expenses	<u>365</u>	<u>287</u>	<u>455</u>	<u>548</u>
	<u>\$ 20,418</u>	<u>\$ 10,336</u>	<u>\$ 31,641</u>	<u>\$ 17,094</u>

(IV) Financial costs

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Interest on bank loans	\$ 10,846	\$ 9,198	\$ 30,730	\$ 30,508
Interest on lease liabilities	<u>2,032</u>	<u>2,380</u>	<u>4,185</u>	<u>4,927</u>
	<u>\$ 12,878</u>	<u>\$ 11,578</u>	<u>\$ 34,915</u>	<u>\$ 35,435</u>

(V) Employee benefits expense

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Short-term benefits	<u>\$ 597,475</u>	<u>\$ 578,260</u>	<u>\$ 1,246,015</u>	<u>\$ 1,136,043</u>
Post-employment benefits (Note 17)				
Defined contribution plans	\$ 3,490	\$ 3,538	\$ 7,017	\$ 6,971
Defined benefit plans	( 18 )	( 36 )	( 36 )	( 73 )
	<u>\$ 3,472</u>	<u>\$ 3,502</u>	<u>\$ 6,981</u>	<u>\$ 6,898</u>
Share-based payment	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,596</u>
An analysis by function				
Operating costs	\$ 394,373	\$ 389,087	\$ 786,993	\$ 716,259
Operating expenses	<u>206,574</u>	<u>192,675</u>	<u>466,003</u>	<u>461,278</u>
	<u>\$ 600,947</u>	<u>\$ 581,762</u>	<u>\$ 1,252,996</u>	<u>\$ 1,177,537</u>

As of June 30, 2021 and 2020, the Consolidated Company had 3,699 and 3,473 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. For the three months ended 1 to June 30, 2021 and 2020, and for the six months ended June 30, 2021 and 2020, the employees' remuneration and remuneration of directors and supervisors recorded are as follows:

Ratio

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Remuneration to employees	6.5%	6.5%	6.5%	6.5%
Remuneration of directors and supervisors	1.5%	1.5%	1.5%	1.5%

Amount

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Remuneration to employees	<u>\$ 62,075</u>	<u>\$ 61,004</u>	<u>\$ 108,930</u>	<u>\$ 88,442</u>
Remuneration of directors and supervisors	<u>\$ 14,325</u>	<u>\$ 14,078</u>	<u>\$ 25,138</u>	<u>\$ 20,410</u>

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

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

	Cash	
	2020	2019
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' remuneration and remuneration of directors and supervisors 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 June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Foreign exchange gains	\$ 72,696	\$ 24,781	\$ 111,859	\$ 71,528
Foreign exchange losses	( 49,127 )	( 38,270 )	( 93,406 )	( 133,851 )
Net gain (loss)	<u>\$ 23,569</u>	<u>( \$ 13,489 )</u>	<u>\$ 18,453</u>	<u>( \$ 62,323 )</u>

XXII. Income tax

(I) Income tax recognized in profit or loss

Major components of tax expense were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	April 1 to June 30, 2021	April 1 to June 30, 2020	January 1 to June 30, 2021	January 1 to June 30, 2020
Current tax payable				
In respect of current period	\$ 269,060	\$ 201,772	\$ 453,809	\$ 344,983
Income tax on unappropriated earnings	-	8,684	-	8,684
Prior years adjustment	( 21,622 )	( 16,368 )	( 21,622 )	( 16,368 )
	<u>247,438</u>	<u>194,088</u>	<u>432,187</u>	<u>337,299</u>
Deferred tax				
In respect of current period	15,127	16,872	30,814	316
Effect of change in the tax rate	-	-	-	7,956
Others	-	3	-	-
	<u>15,127</u>	<u>16,875</u>	<u>30,814</u>	<u>8,272</u>
Income tax expense recognized in profit or loss	<u>\$ 262,565</u>	<u>\$ 210,963</u>	<u>\$ 463,001</u>	<u>\$ 345,571</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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
<u>Deferred tax</u>				
Recognized during the period				
- Exchange difference on translating the financial statements of foreign operations	\$ 21,976	\$ 46,601	\$ 37,966	\$ 64,607
- Unrealized gain (loss) on financial assets at FVTOCI	<u>227</u>	<u>412</u>	<u>346</u>	<u>642</u>
	<u>\$ 22,203</u>	<u>\$ 47,013</u>	<u>\$ 38,312</u>	<u>\$ 65,249</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

	Unit: NT\$ Per Share			
	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Basic earnings per share	<u>\$ 2.58</u>	<u>\$ 2.60</u>	<u>\$ 4.51</u>	<u>\$ 3.91</u>
Diluted earnings per share	<u>\$ 2.58</u>	<u>\$ 2.60</u>	<u>\$ 4.49</u>	<u>\$ 3.89</u>

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

Current period net income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Net income in the computation of basic earnings per share	<u>\$ 859,954</u>	<u>\$ 865,603</u>	<u>\$ 1,502,495</u>	<u>\$ 1,243,021</u>
Net income in the computation of diluted earnings per share	<u>\$ 859,954</u>	<u>\$ 865,603</u>	<u>\$ 1,502,495</u>	<u>\$ 1,243,021</u>

Ordinary Shares

Unit: Thousand Shares

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Weighted average number of ordinary shares in the computation of basic earnings per share	332,957	332,957	332,957	318,122
Effect of potentially dilutive ordinary shares:				
Remuneration to employees	<u>436</u>	<u>414</u>	<u>2,026</u>	<u>1,565</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>333,393</u>	<u>333,371</u>	<u>334,983</u>	<u>319,687</u>

If the Company has the option to pay remuneration to employees in cash or shares, the Company assumes the entire amount of the remuneration to be settled in shares and the resulting potential shares are included in the weighted average number of ordinary 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 ordinary shares to be distributed to employees at their meeting in the following year.

XXIV. Share-based payment arrangements-the employee stock 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 stock options were measured at fair value on the date they were granted. For the six months ended June 30, 2020, the Company's cost of employees' stock options was NT\$34,596 thousand, which was recognized under capital surplus - employee stock options. After receiving full payment, it was transferred to capital surplus - shares issued at a premium. Among them, 508 thousand shares were not exercised, which amounted to \$9,144 thousand and was transferred to the Capital surplus-expired employee share option from the Capital surplus-employee stock 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 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

June 30, 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>\$ 5,315</u>	<u>\$ 5,315</u>
Financial assets at FVTOCI				
Equity securities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,971</u>	<u>\$ 30,971</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>

June 30, 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>\$ 4,192</u>	<u>\$ -</u>	<u>\$ 6,935</u>	<u>\$ 11,127</u>
Financial assets at FVTOCI				
Equity securities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,283</u>	<u>\$ 25,283</u>

There were no transfers between Level 1 and Level 2 fair value measurements during the periods January 1 to June 30, 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	( 381)	-
Recognized in other comprehensive income	<u>-</u>	<u>( 6,684)</u>
June 30, 2021	<u>\$ 5,315</u>	<u>\$ 30,971</u>
January 1, 2020	\$ 9,045	\$ 28,505
Recognized in profit or loss	( 2,110)	-
Recognized in other comprehensive income	<u>-</u>	<u>( 3,222)</u>
June 30, 2020	<u>\$ 6,935</u>	<u>\$ 25,283</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 comparable companies method, the comparable over the counter companies adjustment method, and the latest available net value information assessment. The main assumption of the comparable companies 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>
June 30, 2021	1.46~4.31	20%~25%
December 31, 2020	1.45~2.69	20%
June 30, 2020	0.95~2.03	20%

(II) Categories of financial instruments

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
<u>Financial assets</u>			
Financial assets at FVITPL	\$ 5,315	\$ 5,696	\$ 11,127
Financial assets at amortized cost (Note 1)	16,779,814	14,357,392	14,978,934
Financial assets at FVTOCI	30,971	37,655	25,283
<u>Financial liabilities</u>			
Amortized cost (Note 2)	16,298,573	10,648,496	9,654,700

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 analyzes exposures by degree and magnitude of risks. These risks include market risks (including currency, interest rate, and other price risks), credit, 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 for speculative purposes, including derivative financial instruments. 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 18% of the consolidated Company's sales for the six months ended June 30, 2021 and 2020, were not denominated in the functional currency of the Company, and approximately 43% and 45% of the costs were not denominated in the functional currency of the Company. Exchange rate exposures were managed within approved policy parameters utilizing forward foreign exchange contracts.

The carrying amounts of the 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. It represents management's assessment of the reasonable 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. The balances below would be negative.

	U.S. Dollar Impact	
	For the Six Months Ended June 30, 2021	For the Six Months Ends June 30, 2020
Profit or loss	(\$ 36,838)	(\$ 5,309)

(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>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Fair value interest rate risk			
-Financial assets	\$ -	\$ -	\$ 14,519
-Financial liabilities	389,807	49,985	149,923
Cash flow interest rate risk			
-Financial assets	1,686,939	2,107,612	1,523,949
-Financial liabilities	4,123,810	3,959,681	2,128,087

Sensitivity analysis

The sensitivity analysis 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 to report interest rate risk internally to key management personnel and represent management's assessment of the reasonable change in interest rates. With all other variables unchanged, a 25-basis point increase in the market rate would decrease the Company's pre-tax income by NT\$3,046 thousand and NT\$755 thousand for the periods January 1 to June 30, 2021 and 2020, 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 periods January 1 to June 30, 2021 and 2020, if equity prices increase by 10%, income before tax would be NT\$532 thousand and NT\$1,113 thousand higher due to increased fair value of financial assets at fair value through profit and loss. In contrast, other comprehensive income before tax would increase by NT\$3,097 thousand and NT\$2,528 thousand due to the increase in fair value of financial assets measured at fair value through other comprehensive income, 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 responsible for determining and approving credit lines, and this team continuously evaluated 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 credit risk of the consolidated company is mainly concentrated in its top ten customers. As at June 30, 2021, December 31, 2020, and June 30, 2020, the ratio of the total accounts receivable coming from the aforementioned customers was 56%, 57%, and 65%, respectively. The credit concentration risk for the remaining accounts receivable was insignificant.

### 3. Liquidity risk

The ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate 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 June 30, 2021, December 31, 2020, and June 30, 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.

	June 30, 2021				Total
	180 Days	181-270 Days	271-360 Days	Over 361 Days	
<u>Non-derivative financial liabilities</u>					
Short-term borrowings	\$ 2,230,936	\$ -	\$ -	\$ -	\$ 2,230,936
Short-term bills payable	390,000	-	-	-	390,000
Note payable and accounts payable	7,661,109	-	-	-	7,661,109
Other payables	4,090,946	-	-	-	4,090,946
Lease liabilities	31,176	15,604	15,604	265,221	327,605
Long-term borrowings (including the current portion)	31,972	3,769	503,769	1,384,761	1,924,271
	<u>\$ 14,436,139</u>	<u>\$ 19,373</u>	<u>\$ 519,373</u>	<u>\$ 1,649,982</u>	<u>\$ 16,624,867</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>\$ 62,384</u>	<u>\$ 157,533</u>	<u>\$ 107,688</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	61,504	34,915	-	1,647,189	1,743,608
	<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:

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

	June 30, 2020				Total
	180 Days	181-270 Days	271-360 Days	Over 361 Days	
<u>Non-derivative financial liabilities</u>					
Short-term borrowings	\$ 1,092,676	\$ -	\$ -	\$ -	\$ 1,092,676
Short-term bills payable	150,000	-	-	-	150,000
Note payable and accounts payable	6,292,769	-	-	-	6,292,769
Other payables	2,714,473	-	-	-	2,714,473
Lease liabilities	35,094	17,453	17,348	347,992	417,887
Long-term borrowings (including the current portion)	<u>61,073</u>	<u>31,706</u>	<u>31,232</u>	<u>921,969</u>	<u>1,045,980</u>
	<u>\$ 10,346,085</u>	<u>\$ 49,159</u>	<u>\$ 48,580</u>	<u>\$ 1,269,961</u>	<u>\$ 11,713,785</u>

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

	<u>Less than One Year</u>	<u>1~5 Years</u>	<u>5~10 Years</u>
Lease liabilities	\$ <u>69,895</u>	\$ <u>219,669</u>	\$ <u>128,323</u>

## (2) Financing facilities

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

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Unsecured bank borrowings facility			
Amount used	\$ 5,640,657	\$ 4,899,963	\$ 3,415,425
Amount unused	<u>6,612,642</u>	<u>7,355,486</u>	<u>7,636,546</u>
	<u>\$ 12,253,299</u>	<u>\$ 12,255,449</u>	<u>\$ 11,051,971</u>

## (IV) Transfers of financial assets

Information on changes in the Group factored accounts receivables were as follows:

Counterparties	Interest Rates on Advances Received (%)	Receivables Sold	Advances Received	Amounts Collected	Credit Line
<u>June 30, 2021</u>					
Taishin Bank	-	\$ 60,314	\$ -	\$ 60,314	\$ 161,938
KGI Commercial Bank	-	5,116	-	5,116	16,716
Bank SinoPac	-	-	-	-	208,950
		<u>\$ 65,430</u>	<u>\$ -</u>	<u>\$ 65,430</u>	<u>\$ 387,604</u>
<u>December 31, 2020</u>					
Taishin Bank	-	\$ 36,314	\$ -	\$ 36,314	\$ 209,552
KGI Commercial Bank	-	1,979	-	1,979	17,088
Bank SinoPac	-	-	-	-	213,600
		<u>\$ 38,293</u>	<u>\$ -</u>	<u>\$ 38,293</u>	<u>\$ 440,240</u>

(To be Continued)

(Continued)

<u>Counterparties</u>	<u>Interest Rates on Advances Received (%)</u>	<u>Receivables Sold</u>	<u>Advances Received</u>	<u>Amounts Collected</u>	<u>Credit Line</u>
<u>June 30, 2020</u>					
Taishin Bank	-	\$ 62,623	\$ -	\$ 62,623	\$ 215,187
KGI Commercial Bank	-	2,599	-	2,599	17,778
Bank SinoPac	-	128,537	-	128,537	222,225
		<u>\$ 193,759</u>	<u>\$ -</u>	<u>\$ 193,759</u>	<u>\$ 455,190</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 June 30, 2021, December 31, 2020, and June 30, 2020, the Group had issued promissory notes with an aggregate amount of NT\$430,938 thousand, NT\$478,552 thousand, and NT\$486,187 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 June 30, 2021, December 31, 2020, and June 30, 2020, said losses were NT\$817,243 thousand, \$1,100,758 thousand, and NT\$588,599 thousand, respectively. Said acceptances would 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 continued participation is not significant.

For the three months ended June 30, 2021 and 2020, and for the six months ended June 30, 2021 and 2020, the Group recognized the financial costs of NT\$4,090 thousand and NT\$2,499 thousand and NT\$14,952 thousand and NT\$6,943 thousand, respectively, when transferring the bank acceptances receivable. No profit or loss was recognized for its continued 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 upon 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>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Right-of-use assets	<u>\$ 212,815</u>	<u>\$ 227,003</u>	<u>\$ 241,190</u>
Refundable deposits	<u>\$ 101,335</u>	<u>\$ 100,782</u>	<u>\$ 100,232</u>
Lease liabilities - current	\$ 26,356	\$ 26,147	\$ 25,941
Lease liabilities - non-current	<u>181,898</u>	<u>195,129</u>	<u>208,254</u>
	<u>\$ 208,254</u>	<u>\$ 221,276</u>	<u>\$ 234,195</u>

<u>Line Item</u>	<u>April 1 to June 30, 2021</u>	<u>April 1 to June 30, 2020</u>	<u>January 1 to June 30, 2021</u>	<u>January 1 to June 30, 2020</u>
Financial costs	<u>\$ 844</u>	<u>\$ 947</u>	<u>\$ 1,714</u>	<u>\$ 1,919</u>
Depreciation expenses	<u>\$ 7,094</u>	<u>\$ 7,094</u>	<u>\$ 14,188</u>	<u>\$ 14,188</u>
Interest income	<u>\$ 277</u>	<u>\$ 274</u>	<u>\$ 553</u>	<u>\$ 547</u>

### (III) Compensation of key management personnel

For the periods April 1 to June 30, 2021 and 2020, and January 1 to June 30, 2021 and 2020, the total compensation to the key management is as follows:

	<u>For the Three Months Ended June 30</u>		<u>For the Six Months Ended June 30</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Short-term employee benefits	\$ 6,817	\$ 40,621	\$ 21,075	\$ 60,389
Post-employment benefits	165	138	293	289
Share-based payment	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,028</u>
	<u>\$ 6,982</u>	<u>\$ 40,759</u>	<u>\$ 21,368</u>	<u>\$ 68,706</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 June 30, 2021 were as follows:

- (I) Letter of credit issued but unused totaled NT\$575,724 thousand.
- (II) Outstanding contractual payments for construction equipment totaled NT\$2,953,118 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:

	June 30, 2021	December 31, 2020	June 30, 2020
<u>Foreign currency asset</u>			
<u>Monetary item</u>			
Foreign Currency - US\$	\$ 113,966	\$ 94,331	\$ 125,058
Exchange Rate	27.86	28.48	29.63
Carrying amount	3,175,093	2,686,547	3,705,469
<u>Foreign currency liabilities</u>			
<u>Monetary item</u>			
Foreign Currency - US\$	187,642	139,135	135,675
Exchange Rate	27.86	28.48	29.63
Carrying amount	5,227,706	3,962,565	4,020,050

Foreign Currency	For the Three Months Ended June 30, 2021		For the Three Months Ended June 30, 2020	
	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)
USD	6.46 (USD: RMB)	\$ 41,944	7.08 (USD: RMB)	\$ 2,138
USD	27.98 (USD: NTD)	( 23,967 )	29.90 (USD: NTD)	( 35,751 )

Foreign Currency	For the Six Months Ended June 30, 2021		For the Six Months Ended June 30, 2020	
	Exchange Rate	Net Foreign currency Exchange Gain (Loss)	Exchange Rate	Net Foreign currency Exchange Gain (Loss)
USD	6.47 (USD: RMB)	\$ 39,388	7.03 (USD: RMB)	( \$ 26,606 )
USD	28.18 (USD: NTD)	( 28,285 )	30.00 (USD: NTD)	( 32,774 )

XXX. Losses from major disasters

A fire accident broke out at the Company's Xinpu Plant on April 14, 2021, causing partial losses to plant, equipment, and inventory. However, the Company was fully insured against fire accidents, and losses after insurance claims as of the date of the report were estimated at NT\$68,040 thousand, including NT\$150,050 thousand from inventory, NT\$261,148 thousand from property, plant, and equipment, and NT\$56,842 thousand from other losses. The insurance notary has obtained a statement about the fire hazard claim, and NT\$400,000 thousand of claims receivable have been recognized according to the insurance policy terms. The Company will continue to engage the insurance company on matters concerning the claim.

XXXI. Other Matters

Despite the worldwide outbreak of COVID-19, there had been no material impact on the Group's overall performance and financial position as of June 30, 2021. The Group will closely monitor subsequent development of the pandemic, and continue assessing its ability to operate as a going concern as well as the possible impact of asset impairment and funding risks.

XXXII. Separately disclosed Items

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)

(III) 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.

- (IV) Information of major shareholders: List of all shareholders with ownership of 5 percent or greater showing the names and the number of ordinary shares and percentage of ownership held by each shareholder: Table 9.

### XXXIII. 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.)

Other segments (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 Six Months Ended	For the Six Months Ended	For the Six Months Ended	For the Six Months Ended
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
The Company	\$ 2,172,311	\$ 3,535,892	( \$ 213,995 )	\$ 44,581
ITEQ WUXI	7,913,944	6,434,825	977,774	769,320
ITEQ (DG)	6,625,789	6,286,569	547,315	440,540
ITEQ (JX)	3,407,376	1,272,891	478,397	57,132
Others	<u>3,509,740</u>	<u>3,080,926</u>	<u>353,524</u>	<u>395,109</u>
	<u>\$ 23,629,160</u>	<u>\$ 20,611,103</u>	2,143,015	1,706,682
Headquarter management cost			( 134,067 )	( 33,770 )
Non-operating income and expenses			( 43,452 )	( 84,320 )
Income before income tax			<u>\$ 1,965,496</u>	<u>\$ 1,588,592</u>

Intersegment transactions were not eliminated from the segment revenue reported above. For the periods January 1 to June 30, 2021, the Company's revenue from ITEQ (WX), ITEQ (DG), ITEQ (JX), and others were NT\$899,727 thousand, NT\$1,760,657 thousand, NT\$3,258,333 thousand, and NT\$2,146,328 thousand, respectively; for the periods January 1 to June 30, 2020, the Company's revenue from ITEQ (WX), ITEQ (DG), ITEQ (JX) and others were NT\$989,085 thousand, NT\$1,908,623 thousand, NT\$1,257,587 thousand, and NT\$3,365,603 thousand, respectively.

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

(II) Segment assets

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
<u>Segment assets</u>			
The Company	\$ 4,614,173	\$ 3,690,220	\$ 5,673,823
ITEQ WUXI	11,945,230	11,189,231	9,769,269
ITEQ (DG)	9,357,174	8,571,072	8,499,839
ITEQ JX	11,621,913	7,334,422	4,136,699
Others	<u>6,532,457</u>	<u>5,948,129</u>	<u>12,211,888</u>
Sub-total	44,070,947	36,733,074	40,291,518
Others	66,002,784	58,671,000	50,149,289
Eliminations	( 77,375,551 )	( 69,719,696 )	( 66,008,002 )
Total assets	<u>\$ 32,698,180</u>	<u>\$ 25,684,378</u>	<u>\$ 24,432,805</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 Six Months Ended June 30, 2021

TABLE 1

Unit: NTD thousands 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 (Notes 1 and 2)	Total financing limit (Notes 1 and 2)
													Name	Value		
0	The Company	ITEQ (JX)	Accounts receivable - related parties and other receivables - related parties	Yes	\$ 1,158 thousand	\$ -	\$ -	-	Short-term financing	\$ -	Operating capital	\$ -	-	\$ -	\$ 2,794,303	\$ 2,794,303
1	IIL	ITEQ (WX)	Accounts receivable - related parties and other receivables - related parties	Yes	US\$11,568 thousand	US\$11,406 thousand	US\$11,406 thousand	-	Short-term financing	-	Operating capital	-	-	-	663,959	663,959
2	ITEQ (DG)	ITEQ (JX)	Accounts receivable - related parties and other receivables - related parties	Yes	RMB \$200,000 thousand	RMB\$200,000 thousand	RMB\$200,000 thousand	1.5	Short-term financing	-	Operating capital	-	-	-	2,794,303	2,794,303
3	ITEQ (WX)	ITEQ (JX)	Accounts receivable - related parties and other receivables - related parties	Yes	RMB 150,000 thousand	RMB150,000 thousand	RMB130,000 thousand	1.5	Short-term financing	-	Operating capital	-	-	-	2,794,303	2,794,303
3	ITEQ (WX)	IIL	Accounts receivable - related parties and other receivables - related parties	Yes	RMB 58,784 thousand	RMB 47,772 thousand	RMB 47,772 thousand	-	Short-term financing	-	Operating capital	-	-	-	2,794,303	2,794,303
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	-	-	-	2,794,303	2,794,303
4	ITEQ (JX)	ITEQ (HJ)	Accounts receivable - related parties and other receivables - related parties	Yes	RMB 104 thousand	RMB 104 thousand	RMB 104 thousand	-	Short-term financing	-	Operating capital	-	-	-	2,794,303	2,794,303

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 auditor-reviewed report (2021 Q1).

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 capped at 600% of the Company's net worth based on the most recent auditor-reviewed report (financial report for Q1, 2021). However, if the maximum amount of each loan and financing limit exceeds 20% of the net worth shown in the Company's most recent financial report (2021 Q1), the ceiling amount shall be capped at 20% of the Company's net worth based on the most recent financial report.

Note 3: Was eliminated in the consolidated financial statements.

ITEQ Corporation and Subsidiaries  
**ENDORSEMENT/GUARANTEE PROVIDED**  
For the Six Months Ended June 30, 2021

TABLE 2

Unit: NTD thousands unless stated otherwise

No.	Endorsement/Guarantee Provider	Guaranteed Party		Limits on Endorsement/Guarantee Amount Provided to Each Guaranteed Party (Notes 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	\$ 13,971,519	\$ 300,000 (Note 3)	\$ 300,000	\$ -	\$ -	2.15%	\$ 13,971,519	Y	N	N
0	The Company	IIL	Investee in which the Company holds 100% of its shares indirectly	13,971,519	1,011,040 (Note 3)	905,450	147,660	-	6.48%	13,971,519	Y	N	N
0	The Company	IPL	Investee in which the Company holds 100% of its shares indirectly	13,971,519	2,981,908 (Note 3)	2,911,370	1,203,531	-	20.84%	13,971,519	Y	N	N
0	The Company	ITEQ (DG)	Investee in which the Company holds 100% of its shares indirectly	13,971,519	975,100 (Note 3)	975,100	55,720	-	6.98%	13,971,519	Y	N	Y

Note 1: Single-party and aggregate limits on guarantees provided to external parties are capped at 100% of the Company's net worth based on the most recent auditor-reviewed report (2021 Q1).

Note 2: Single-party and aggregate limits on guarantees provided to 100%-owned subsidiaries are capped at 300% of each subsidiary's net worth based on the most recent auditor-reviewed report (2021 Q1).

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

ITEQ Corporation and Subsidiaries  
MARKETABLE SECURITIES HELD

June 30, 2021

TABLE 3

Unit: NTD thousands unless stated otherwise

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	JUNE 30, 2021				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	5,043	1.1	5,043	
Bou Mou	<u>Stocks</u>							
	Mortech Corporation	—	Financial assets at FVITPL - current	381	5,315	1.0	5,315	
	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	-	25,928	4.8	25,928	

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 Six Months Ended to June 30, 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	( \$ 488,722 )	( 22 )	—	\$ -	—	\$ 484,592	30%	Note 1 and 2
ITEQ (DG)	The Company	Investee in which the Company holds 100% of its shares indirectly	Purchases	488,722	9	—	-	—	( 484,592 )	( 13% )	
The Company	ITEQ (WX)	Investee in which the Company holds 100% of its shares indirectly	Purchases	418,550	29	—	-	—	( 340,548 )	( 8% )	
ITEQ (WX)	The Company	Investee in which the Company holds 100% of its shares indirectly	Sales	( 418,550 )	( 6 )	—	-	—	340,548	2%	
The Company	ITEQ (WX)	Investee in which the Company holds 100% of its shares indirectly	Sales	( 311,265 )	( 14 )	—	-	—	178,809	11%	
ITEQ (WX)	The Company	Investee in which the Company holds 100% of its shares indirectly	Purchases	311,265	5	—	-	—	( 178,809 )	( 4% )	
The Company	ITEQ (JX)	Investee in which the Company holds 100% of its shares indirectly	Sales	( 436,881 )	( 20 )	—	-	—	427,201	26%	
ITEQ (JX)	The Company	Investee in which the Company holds 100% of its shares indirectly	Purchases	436,881	15	—	-	—	( 427,201 )	( 18% )	
ITEQ (DG)	ITEQ (GZ)	Same parent company	Sales	( 877,331 )	( 15 )	—	-	—	532,671	11%	
ITEQ (GZ)	ITEQ (DG)	Same parent company	Purchases	877,331	32	—	-	—	( 532,671 )	( 37% )	
ITEQ (GZ)	ITEQ (DG)	Same parent company	Sales	( 652,436 )	( 21 )	—	-	—	420,938	14%	
ITEQ (DG)	ITEQ (GZ)	Same parent company	Purchases	652,436	12	—	-	—	( 420,938 )	( 11% )	
IPL	ITEQ (GZ)	Same parent company	Sales	( 268,565 )	( 44 )	—	-	—	185,876	17%	
ITEQ (GZ)	IPL	Same parent company	Purchases	268,565	10	—	-	—	( 185,876 )	( 13% )	
IPL	ITEQ (DG)	Same parent company	Sales	( 180,116 )	( 30 )	—	-	—	140,344	13%	
ITEQ (DG)	IPL	Same parent company	Purchases	180,116	2	—	-	—	( 140,344 )	( 4% )	
IPL	ITEQ (JX)	Same parent company	Sales	( 113,124 )	( 19 )	—	-	—	719,210	67%	
ITEQ (JX)	IPL	Same parent company	Purchases	113,124	4	—	-	—	( 719,210 )	( 4% )	
IIL	ITEQ (WX)	Same parent company	Sales	( 231,407 )	( 41 )	—	-	—	551,844	68%	
ITEQ (WX)	IIL	Same parent company	Purchases	231,407	4	—	-	—	( 551,844 )	( 12% )	
ITEQ (WX)	IIL	Same parent company	Sales	( 328,369 )	( 4 )	—	-	—	522,369	8%	
IIL	ITEQ (WX)	Same parent company	Purchases	328,369	59	—	-	—	( 522,369 )	( 80% )	
ITEQ (WX)	ITEQ (DG)	Same parent company	Sales	( 121,555 )	( 2 )	—	-	—	107,621	2%	
ITEQ (DG)	ITEQ (WX)	Same parent company	Purchases	121,555	2	—	-	—	( 107,621 )	( 3% )	
ITEQ (JX)	ITEQ (DG)	Same parent company	Sales	( 2,080,561 )	( 61 )	—	-	—	1,401,629	56%	
ITEQ (DG)	ITEQ (JX)	Same parent company	Purchases	2,080,561	39	—	-	—	( 1,401,629 )	( 38% )	
ITEQ (JX)	ITEQ (WX)	Same parent company	Sales	( 893,108 )	( 26 )	—	-	—	721,676	29%	
ITEQ (WX)	ITEQ (JX)	Same parent company	Purchases	893,108	15	—	-	—	( 721,676 )	( 16% )	
ITEQ (WX)	ITEQ (JX)	Same parent company	Sales	( 124,921 )	( 2 )	—	-	—	112,711	2%	
ITEQ (JX)	ITEQ (WX)	Same parent company	Purchases	124,921	4	—	-	—	( 112,711 )	( 5% )	
ITEQ (JX)	ITEQ (HJ)	Same parent company	Sales	( 110,491 )	( 3 )	—	-	—	34,199	1%	
ITEQ (HJ)	ITEQ (JX)	Same parent company	Purchases	110,491	40	—	-	—	( 34,199 )	( 39% )	

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

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

June 30, 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	\$ 484,592	—	\$ -	—	\$ 151,893	\$ -
The Company	ITEQ (WX)	Investee in which the Company holds 100% of its shares indirectly	178,809	—	-	—	98,044	-
The Company	ITEQ (JX)	Investee in which the Company holds 100% of its shares indirectly	427,201	—	-	—	58,169	-
ITEQ (GZ)	ITEQ (DG)	Same parent company	420,938	—	-	—	366,571	-
ITEQ (WX)	IIL	Same parent company	522,369	—	-	—	38,347	-
ITEQ (WX)	ITEQ (JX)	Same parent company	112,711	—	-	—	1,637	-
ITEQ (DG)	ITEQ (GZ)	Same parent company	532,671	—	-	—	515,511	-
ITEQ (JX)	ITEQ (DG)	Same parent company	1,401,629	—	-	—	106,863	-
ITEQ (JX)	ITEQ (WX)	Same parent company	721,676	—	-	—	182,324	-
IPL	ITEQ (GZ)	Same parent company	185,876	—	-	—	20,574	-
IPL	ITEQ (DG)	Same parent company	140,344	—	-	—	36,649	-
ITEQ (WX)	ITEQ (DG)	Same parent company	107,621	—	-	—	16,378	-
IIL	ITEQ (WX)	Same parent company	551,844	—	-	—	35,924	-
ITEQ (WX)	The Company	Same parent company	115,726	—	-	—	-	-
IIL	The Company	Same parent company	238,202	—	-	—	23,225	-
IPL	ITEQ (JX)	Same parent company	719,210	—	-	—	130,727	-

Note: Eliminated in the consolidated financial statements.

ITEQ Corporation and Subsidiaries  
INFORMATION ON INVESTEES  
For the Six Months Ended June 30, 2021

TABLE 6

Unit: NTD thousands unless stated otherwise

Investor	Investor Company	Location	Main Businesses and Products	Investment Amount		As of June 30, 2021			Net Income (Loss) of the Investee	Share of Profits	Remarks (Note 2)
				End of this period	End of last period	Ordinary Shares (Thousands)	Percentage (%)	Carrying amount			
ITEQ Corp	ITEQ International	Samoa	Investment	US\$61,719 thousand	US\$61,719 thousand	18,500	100%	\$ 16,347,737	\$ 1,946,054	\$ 1,946,054	Note 1
	Bou Mou	Hsinchu City	Investment	70,000	70,000	7,000	100%	90,731	( 900)	( 900)	
ITEQ International	ITEQ Holding	British Cayman Islands	Investment	US\$61,719 thousand	US\$61,719 thousand	18,500	100%	US\$581,327 thousand	US\$69,168 thousand	US\$69,168 thousand	
ITEQ Holding	ESIC	The British Virgin Islands	Mainland China Re-investment	US\$13,000 thousand	US\$13,000 thousand	10,750	100%	US\$214,717 thousand	US\$25,501 thousand	US\$25,501 thousand	
	IPL	Samoa	Import/Export	US\$1,000 thousand	US\$1,000 thousand	1,000	100%	US\$475 thousand	US\$380 thousand	US\$380 thousand	
	IIL	Samoa	Import/Export	US\$1,000 thousand	US\$1,000 thousand	1,000	100%	US\$3,549 thousand	(US\$422 thousand)	(US\$422 thousand)	
	Eagle Great	The British Virgin Islands	Mainland China Re-investment	US\$8,499 thousand	US\$8,499 thousand	8,499	100%	US\$17,973 thousand	US\$1,422 thousand	US\$1,422 thousand	
	ITEQ (HK)	Hong Kong	Mainland China Re-investment	US\$24,200 thousand	US\$24,200 thousand	24,200	100%	US\$317,292 thousand	US\$42,287 thousand	US\$42,287 thousand	

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

ITEQ CORPORATION  
Information on investments in Mainland China  
For the Six Months Ended June 30, 2021

TABLE 7

Unit: NTD thousands unless stated otherwise

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investments	Accumulated Outward Remittance for Investment from Taiwan as of April 1, 2021	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of June 30, 2021	Net Income (Loss) of the Investee (Note 2)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of June 30, 2021	Accumulated Repatriation of Investment Income as of March 31, 2020
					Outward	Inward						
ITEQ (DG)	Produces and sells prepreg and copper-clad lamination	US\$20,000 thousand	Note 1 and 4	US\$13,000 thousand	\$ -	\$ -	US\$13,000 thousand	US\$18,566 thousand	100%	US\$18,566 thousand	US\$162,155 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\$33,851 thousand	100%	US\$33,851 thousand	US\$252,282 thousand	US\$82,231 thousand
ITEQ (HJ)	Produces and sells mass lamination	US\$8,499 thousand	Note 1	US\$8,286 thousand	-	-	US\$8,286 thousand	US\$1,425 thousand	100%	US\$1,425 thousand	US\$17,434 thousand	-
ITEQ (GZ)	Produces and sells prepreg and copper-clad lamination	US\$23,700 thousand	Note 1 and 4	US\$16,200 thousand	-	-	US\$16,200 thousand	US\$8,401 thousand	100%	US\$8,401 thousand	US\$92,484 thousand	US\$16,660 thousand
ITEQ (JX)	Produces and sells prepreg and copper-clad lamination	US\$80,800 thousand	Note 1 and 4	-	-	-	-	US\$13,838 thousand	100%	US\$13,838 thousand	US\$107,017 thousand	-

Accumulated Outward Remittance for Investment in Mainland China as of June 30, 2021	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	\$ 8,842,767 (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 Six Months Ended June 30, 2021

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	\$ 484,592	Note 4	1.48%
0	The Company	ITEQ (WX)	1	Sale	311,265	Note 4	2.00%
0	The Company	ITEQ (DG)	1	Sale	488,722	Note 4	3.14%
0	The Company	ITEQ (JX)	1	Sale	436,881	Note 4	2.81%
0	The Company	ITEQ International	1	Other receivables	306,460	Note 4	0.94%
0	The Company	ITEQ (JX)	1	Accounts receivable	427,201	Note 4	1.31%
1	IPL	ITEQ (JX)	3	Accounts receivable	719,210	Note 4	2.20%
1	IPL	ITEQ (GZ)	3	Sale	268,565	Note 4	1.73%
2	IIL	ITEQ (WX)	3	Accounts receivable	551,844	Note 4	1.69%
2	IIL	ITEQ (WX)	3	Sale	231,407	Note 4	1.49%
2	IIL	The Company	2	Accounts receivable	238,202	Note 4	0.73%
3	ITEQ (DG)	ITEQ (GZ)	3	Accounts receivable	532,671	Note 4	1.63%
3	ITEQ (DG)	ITEQ (GZ)	3	Sale	877,331	Note 4	5.64%
3	ITEQ (DG)	ITEQ (JX)	3	Other receivables	861,529	Note 4	2.63%
4	ITEQ (WX)	IIL	3	Sale	328,369	Note 4	2.11%
4	ITEQ (WX)	The Company	2	Sale	418,550	Note 4	2.69%
4	ITEQ (WX)	IIL	3	Accounts receivable	522,369	Note 4	1.60%
4	ITEQ (WX)	ITEQ (JX)	3	Other receivables	1,866,439	Note 4	5.71%
5	ITEQ (GZ)	ITEQ (DG)	3	Accounts receivable	420,938	Note 4	1.29%
5	ITEQ (GZ)	ITEQ (DG)	3	Sale	652,436	Note 4	4.19%
6	ITEQ Holding	ITEQ (HK)	3	Other receivables	760,046	Note 4	2.33%
7	ITEQ (JX)	ITEQ (DG)	3	Accounts receivable	1,106,050	Note 4	3.38%
7	ITEQ (JX)	ITEQ (WX)	3	Sale	893,108	Note 4	5.74%
7	ITEQ (JX)	ITEQ (DG)	3	Sale	2,080,561	Note 4	13.37%
7	ITEQ (JX)	ITEQ (WX)	3	Accounts receivable	721,676	Note 4	2.21%

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 7 - 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 major shareholders  
June 30, 2021

TABLE 9

Name of major shareholder	Shares	
	No. of ordinary Shares shares held	Ratio of shareholdings
WIN Semiconductors Corp.	43,808,011	13.15%
Fu Cun Construction Co.	29,915,038	8.98%
Tian He Xing Ye Corp.	25,014,465	7.51%
TenTang Industrial Co.	22,223,507	6.67%
The special account of the second 2018 new labor pension fund discretionary investment by Capital Securities	20,635,789	6.19%

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 ordinary 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).