Stock No.: 6213

ITEQ Corporation and Subsidiaries

Consolidated Financial Statements and Independent Auditors' Review Report

For the Six Months Ended June 30, 2022 and 2021

Address: No. 17, Daluge Rd., Xinpu Township, Hsinchu County 305,
Taiwan (R.O.C.)
Tel: (03)-588-7888

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Independent Auditors' Review Report

The Board of Directors and Shareholders ITEQ Corporation:

Introduction

We have reviewed the accompanying consolidated financial statements of ITEQ Corporation and its subsidiaries (hereinafter collectively referred to as the "Group") as of June 30, 2022 and 2021, and the related consolidated statements of comprehensive income, of changes in equity and cash flows for the period for three months and six months ended June 30, 2022 and 2021, 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 of Review

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 and 11 to the consolidated financial statements, the financial statements of some non-significant subsidiaries included in the consolidated financial statements and investments using the equity method referred to in the first paragraph were not reviewed. As of June 30, 2022 and 2021, the combined total assets of these non-significant subsidiaries were NT$1,359,815 thousand and NT$1,182,116 thousand, respectively both representing 4% and 4% of the consolidated total assets, and the combined total liabilities of non-significant subsidiaries were NT$1,175,080 thousand and NT$1,357,555 thousand respectively both representing 9% and 8% of the consolidated total liabilities, the amounts of combined comprehensive income of these subsidiaries were NT$(4,847) thousand, NT$25,547 thousand, and (2,592) thousand that representing (3%), 3%, (0.2%) and 3% of the consolidated total comprehensive income for the three months ended June 30 ,2022 and 2021,and for the six months ended June 30 , 2022 and 2021, respectively. The carrying amount of the investment using the equity method as at June 30, 2022 was NT$49,000 thousand; and the share of profit or loss of joint ventures recognized using the equity method for the three months and six months ended June 30, 2022 and 2021 were NT$0.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of non-significant subsidiaries and investments using the equity method as described in the preceding paragraph been reviewed, based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the group as of June 30, 2022 and 2021, and of its the consolidated financial performance for the three months ended June 30, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the six months then ended June 30, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Position 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 Kuan-Hao, Li
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. 1100372936

August 2, 2022

<u>*Notice to Readers*</u>

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' review 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' review report and consolidated financial statements shall prevail.

ITEQ Corporation and Subsidiaries

Consolidated Balance Sheets

June 30, 2022, December 31, 2021, and June 30, 2021

Unit: NTD thousand

Code	Asset	June 30, 2022 (Reviewed) Amount	%	December 31, 2021 (Audited) Amount	%	June 30, 2021 (Reviewed) Amount	%
	CURRENT ASSETS						
1100	Cash and cash equivalents (Note 6)	$ 3,872,897	12	$ 4,423,278	12	$ 2,749,465	8
1110	Financial assets at fair value through profit or loss (Note 7)	4,042	-	4,618	-	5,315	-
1170	Notes & accounts receivable-net (Note 8)	13,798,763	41	13,260,199	37	13,402,862	41
1200	Other receivables (Note 22 and 27)	333,010	1	225,839	1	546,932	2
1220	Current tax assets	32,311	-	32,456	-	32,452	-
130X	Inventories - net (Note 9)	3,871,569	11	5,166,981	14	4,161,483	13
1479	Other current assets (Note 15)	1,114,006	3	1,261,998	3	1,413,974	4
11XX	Total current assets	23,026,598	68	24,375,369	67	22,312,483	68
	NON-CURRENT ASSETS						
1517	Financial assets at fair value through other comprehensive income - non-current (Note 10)	35,318	-	29,687	-	30,971	-
1550	Investments using the equity method (Note 11)	49,000	-	-	-	-	-
1600	Property, plant and equipment (Note 12)	6,501,004	19	6,504,769	18	6,486,649	20
1755	Right-of-use assets (Notes 13 and 28)	289,649	1	310,873	1	339,519	1
1780	Intangible assets (Note 14)	8,907	-	8,360	-	8,297	-
1840	Deferred tax assets	178,889	-	293,471	1	327,635	1
1990	Other non-current assets (Notes 15 and 28)	3,954,048	12	4,714,757	13	3,192,626	10
15XX	Total non-current assets	11,016,815	32	11,861,917	33	10,385,697	32
1XXX	Total assets	$ 34,043,413	100	$ 36,237,286	100	$ 32,698,180	100
Code	LIABILITIES AND EQUITY						
	CURRENT LIABILITIES						
2100	Short-term borrowings (Note 16)	$ 2,050,756	6	$ 2,131,144	6	$ 2,224,398	7
2110	Short-term bills payable - net (Note 16)	-	-	-	-	389,807	1
2170	Notes and accounts payable	5,686,049	17	7,121,256	19	7,661,109	23
2216	Cash dividends payable	1,914,786	6	-	-	-	-
2219	Other payables (Note 17)	2,107,323	6	4,259,191	12	4,090,946	13
2230	Current tax liabilities	547,448	1	640,862	2	792,035	2
2250	Provisions for liabilities – current (Note 18)	19,255	-	17,023	-	12,205	-
2280	Lease liabilities - current (Notes 13 and 28)	45,126	-	49,366	-	55,365	-
2320	Current portion of long-term borrowings (Note 16)	-	-	-	-	529,412	2
2399	Other current liabilities (Note 21)	43,488	-	45,963	-	68,183	-
21XX	Total current liabilities	12,414,231	36	14,264,805	39	15,823,460	48
	NON-CURRENT LIABILITIES						
2580	Lease liabilities - non-current (Note 13 and 28)	211,466	1	227,546	1	248,463	1
2540	Long-term borrowings (Note 16)	-	-	-	-	1,370,000	4
2570	Deferred tax liabilities	432,885	1	396,501	1	485,411	2
2645	Guarantee deposits	33,550	-	33,696	-	32,901	-
25XX	Total non-current liabilities	677,901	2	657,743	2	2,136,775	7
2XXX	Total liabilities	13,092,132	38	14,922,548	41	17,960,235	55
	EQUITY						
	Equity attributable to the Company (Notes 20 and 25)						
3100	Share capital	3,829,572	11	3,829,572	10	3,329,572	10
3200	Capital surplus	9,698,360	29	9,690,481	27	3,682,051	11
	Retained earnings						
3310	Legal reserve	2,199,863	6	1,885,194	5	1,618,630	5
3320	Special reserve	514,181	2	444,936	1	583,390	2
3350	Unappropriated earnings	4,923,852	15	5,978,737	17	6,127,442	19
3300	Total retained earnings	7,637,896	23	8,308,867	23	8,329,462	26
3400	Other equities	(214,547)	(1)	(514,182)	(1)	(603,140)	(2)
3XXX	Total equity	20,951,281	62	21,314,738	59	14,737,945	45
	Total liabilities and equity	$ 34,043,413	100	$ 36,237,286	100	$ 32,698,180	100

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

(Please see the Review Report of Deloitte & Touche on August 2, 2022)

Chairman: Chin-Tsai, Chen   Manager: Hsin-Hui, Tsai   Accounting Supervisor: Jiun-Ren, Huang

ITEQ Corporation and Subsidiaries

Consolidated Statements of Comprehensive Income

For the three months and six months ended June 30, 2022 and 2021

(Reviewed after Re-statement, Not Audited)

NTD thousand, Except Earnings Per Share

		For the Three Months Ended June 30				For the Six Months Ended June 30			
		2022		2021		2022		2021	
Code		Amount	%	Amount	%	Amount	%	Amount	%
4000	OPERATING REVENUE (Note 21)	$ 7,645,655	100	$ 8,167,579	100	$15,914,713	100	$15,564,115	100
5000	OPERATING COSTS (Notes 9 and 22)	6,709,639	88	6,542,149	80	13,729,994	86	12,568,631	81
5900	GROSS PROFIT	936,016	12	1,625,430	20	2,184,719	14	2,995,484	19
	OPERATING EXPENSES (Notes 22 and 28)								
6100	Selling and marketing expenses	139,538	2	149,648	2	296,176	2	301,541	2
6200	General and administrative expenses	255,551	3	260,933	3	508,377	3	505,745	3
6300	Research and development expenses	92,822	1	81,382	1	285,516	2	183,418	1
6450	Expected credit loss (gain)	(1,499)	-	(8,514)	-	1,125	-	(4,168)	-
6000	Total operating expenses	486,412	6	483,449	6	1,091,194	7	986,536	6
6900	INCOME FROM OPERATIONS	449,604	6	1,141,981	14	1,093,525	7	2,008,948	13
	NON-OPERATING INCOME AND EXPENSES (Notes 22 and 28)								
7100	Interest income	4,575	-	2,914	-	8,629	-	5,989	-
7010	Other income	28,402	-	20,751	-	54,004	-	32,056	-
7050	Financial costs	(21,361)	-	(12,878)	-	(44,312)	-	(34,915)	-
7020	Other gains or losses	134,763	2	(30,249)	(1)	460,139	3	(46,582)	-
7000	Total non-operating income and expenses	146,379	2	(19,462)	(1)	478,460	3	(43,452)	-
7900	INCOME BEFORE INCOME TAX	595,983	8	1,122,519	13	1,571,985	10	1,965,496	13
7950	INCOME TAX EXPENSE (Note 23)	161,281	2	262,565	3	328,170	2	463,001	3
8200	NET INCOME FOR THE PERIOD	434,702	6	859,954	10	1,243,815	8	1,502,495	10
	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 20)	6,149	-	(5,847)	-	5,631	-	(6,684)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (Note 23)	(1,521)	-	227	-	(1,687)	-	346	-
8360	Items that may be reclassified subsequently to profit or loss:								
8361	Exchange differences on translating the financial statements of foreign operations (Note 20)	(344,556)	(5)	(109,884)	(1)	369,614	2	(189,832)	(1)
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (Note 20 and 23)	68,910	1	21,976	-	(73,923)	-	37,966	-
8300	Other comprehensive income for the period (net amount after-tax)	(271,018)	(4)	(93,528)	(1)	299,635	2	(158,204)	(1)
8500	TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	$ 163,684	2	$ 766,426	9	$ 1,543,450	10	$ 1,344,291	9

(To be Continued)

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Code		For the Three Months Ended June 30 2022 Amount	%	2021 Amount	%	For the Six Months Ended June 30 2022 Amount	%	2021 Amount	%
	NET PROFIT ATTRIBUTABLE TO:								
8610	Owners of the Company	$ 434,702	6	$ 859,954	10	$ 1,243,815	8	$ 1,502,495	10
	TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
8710	Owners of the Company	$ 163,684	2	$ 766,426	9	$ 1,543,450	10	$ 1,344,291	9
	EARNINGS PER SHARE (Note 24)								
	From continuing operations								
9710	Basic	$ 1.14		$ 2.58		$ 3.25		$ 4.51	
9810	Diluted	$ 1.13		$ 2.58		$ 3.23		$ 4.49	

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

(Please see the Review Report of Deloitte & Touche on August 2, 2022)

Chairman: Chin-Tsai, Chen Manager: Hsin-Hui, Tsai Accounting Supervisor: Jiun-Ren, Huang

ITEQ Corporation and Subsidiaries

Consolidated Statements of Changes Equity

For the six months ended June 30, 2022 and 2021

(Reviewed after Re-statement, Not Audited)

Unit: NTD thousand

Code		Share capital		Capital surplus	Retained earnings (Note 20)			Other equity interest (Note 20)		
		Ordinary Shares (Thousands)	Amount (Note 20)	(Note 20 and 25)	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translating the financial statements of foreign operations	Unrealized gain (loss) on financial assets at FVTOCI	Total Equity
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 (loss) 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
A1	BALANCE AT JANUARY 1, 2022	382,957	$ 3,829,572	$ 9,690,481	$ 1,885,194	$ 444,936	$ 5,978,737	($ 505,008)	($ 9,174)	$ 21,314,738
D1	Net income for the six months ended June 30, 2022	-	-	-	-	-	1,243,815	-	-	1,243,815
D3	Other comprehensive income (loss) for the six months ended June 30, 2022	-	-	-	-	-	-	295,691	3,944	299,635
D5	Total comprehensive income for the six months ended June 30, 2022	-	-	-	-	-	1,243,815	295,691	3,944	1,543,450
	Appropriation and distribution of retained earnings for 2021									
B1	Legal reserve	-	-	-	314,669	-	(314,669)	-	-	-
B3	Special reserve	-	-	-	-	69,245	(69,245)	-	-	-
B5	Cash dividends	-	-	-	-	-	(1,914,786)	-	-	(1,914,786)
N1	Share-based payment transactions (Note 25)	-	-	7,879	-	-	-	-	-	7,879
Z1	BALANCE AT JUNE 30, 2022	382,957	$ 3,829,572	$ 9,698,360	$ 2,199,863	$ 514,181	$ 4,923,852	($ 209,317)	($ 5,230)	$ 20,951,281

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

(Please see the Review Report of Deloitte & Touche on August 2, 2022)

Chairman: Chin-Tsai, Chen　　Manager: Hsin-Hui, Tsai　　Accounting Supervisor: Jiun-Ren, Huang

ITEQ Corporation and Subsidiaries

Consolidated Statements of Cash Flows

For the six months ended June 30, 2022 and 2021

(Reviewed after Re-statement, Not Audited)

Unit: NTD thousand

Code		For the Six Months Ended June 30 2022	2021
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Income before income tax	$ 1,571,985	$ 1,965,496
A20010	Adjustments for:		
A20100	Depreciation expenses	533,148	450,619
A21900	Share-based compensation payment	7,879	-
A20300	Expected credit loss recognized (reversal)	1,125	(4,168)
A29900	Amortized expenses	46,918	31,641
A20900	Financial costs	44,312	34,915
A29900	(Reversal) recognized of provisions	1,876	(19,154)
A20400	Loss on Financial assets at FVITPL	576	381
A21200	Interest income	(8,629)	(5,989)
A23800	Write-down of inventories	36,796	38,087
A22500	Loss on disposal of property, plant and equipment	2,643	10,632
A23700	Reversal of loss on impairment of property, plant and equipment and prepayments for business facilities	(17,475)	(18,707)
A24100	Net unrealized loss on foreign currency exchange	21,714	14,516
A29900	Losses from disaster	-	68,040
A30000	Changes in operating assets and liabilities		
A31130	Notes receivable	(1,277,555)	596,154
A31150	Accounts receivable	1,690,963	(3,422,851)
A31180	Other receivables	(104,062)	(58,275)
A31200	Inventories	1,549,855	(1,174,474)
A31230	Offset against value-added tax payable	244,806	(238,651)
A31240	Other current assets	(16,138)	(38,382)
A32150	Accounts payable	(1,886,360)	2,769,961
A32180	Other payables	97,017	1,221,240
A32230	Other current liabilities	(5,811)	16,449
A33000	Cash inflow (outflow) generated from operations	2,535,583	2,237,480
A33300	Interest paid	(43,213)	(27,237)
A33500	Income tax paid	(328,598)	(422,876)
AAAA	Net cash inflow generated from operating activities	2,163,772	1,787,367

(To be Continued)

(Continued)

Code		For the Six Months Ended June 30 2022	2021
	CASH FLOWS FROM INVESTING ACTIVITIES		
B01800	Joint venture acquired	($ 49,000)	$ -
B02700	Payments for property, plant and equipment and prepayments for business facilities	(1,871,953)	(2,907,417)
B02800	Proceeds from disposal of property, plant and equipment	173	353
B03700	Increase in refundable deposits	(20,824)	(4,953)
B03800	Decrease in refundable deposits	22,724	65,147
B06700	Increase or decrease in other non-current assets	5,327	(54,283)
B07500	Interest received	8,070	5,436
BBBB	Net cash used in investing activities	(1,905,483)	(2,895,717)
	CASH FLOWS FROM FINANCING ACTIVITIES		
C04020	Re-payment of the principal portion of lease liabilities	(29,466)	(27,143)
C00200	Net (decrease) increase in short-term borrowings	(262,619)	9,693
C00600	Increase in short-term bills payable	-	339,800
C01600	Proceeds from long-term borrowings	-	230,000
C01700	Re-payments of long-term borrowings	-	(58,823)
C03000	Increase in guarantee deposits	6,600	5,283
C03100	Decrease in guarantee deposits	(7,900)	(4,591)
CCCC	Net cash gain or used in financing activities	(293,385)	494,219
DDDD	EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	(515,285)	76,462
EEEE	NET DECREASE IN CASH AND CASH EQUIVALENTS	(550,381)	(537,669)
E00100	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	4,423,278	3,287,134
E00200	CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$ 3,872,897	$ 2,749,465

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

(Please see the Review Report of Deloitte & Touche on August 2, 2022)

Chairman: Chin-Tsai, Chen   Manager: Hsin-Hui, Tsai   Accounting Supervisor: Jiun-Ren, Huang

ITEQ Corporation and Subsidiaries

Note to consolidated financial statements

For the six months ended June 30, 2022 and 2021

(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 August 2, 2022.

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 in 2023

New, Revised, or Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 3)

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

Note 2: 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 3: 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 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.

(III) 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)
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 IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023

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

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 instruments 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 Group. 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:

			% of Ownership		
Investor	Investee	Main Business	June 30, 2022	December 31, 2021	June 30, 2021
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%
	IIL	Import/Export	100%	100%	100%
	Eagle Great	Mainland China Re-investment	100%	100%	100%
	ITEQ (HK)	Mainland China Re-investment	100%	100%	100%
ESIC	ITEQ (DG)	Produces and sells pre-preg products and copper-clad laminates	100%	100%	100%
	ITEQ (JX) (Note)	Produces and sells pre-preg products and copper-clad laminates	100%	100%	100%
ITEQ (HK)	ITEQ (WX)	Produces and sells pre-preg products and copper-clad laminates	100%	100%	100%
	ITEQ (GZ)	Produces and sells pre-preg products and copper-clad laminates	100%	100%	100%
Eagle Great	ITEQ (HJ)	Production and sales of MLBs.	100%	100%	100%

Note: The Group holds a comprehensive shareholding, with 50% held by ESIC, with 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, which has been fully received.

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.

(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, 2021.

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 current tax 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.

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, 2021 for the explanation of critical accounting judgments, key sources of estimates, and uncertainty.

VI. Cash and equivalents

	June 30, 2022	December 31, 2021	June 30, 2021
Cash on hand	$ 166	$ 198	$ 256
Cash in banks	2,451,714	3,202,036	1,687,748
Cash equivalents			
Bank acceptances	1,421,017	1,221,044	1,061,461
	$ 3,872,897	$ 4,423,278	$ 2,749,465

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

	June 30, 2022	December 31, 2021	June 30, 2021
Cash in banks	0.00%～1.55%	0.00%～1.55%	0.00%～1.55%

VII. Financial instruments at fair value through profit or loss

	June 30, 2022	December 31, 2021	June 30, 2021
Current			
Financial assets designated as at FVTPL			
Securities listed in ROC Emerging Stock Market	$ 4,042	$ 4,618	$ 5,315

VIII. Notes & accounts receivable-Net

	June 30, 2022	December 31, 2021	June 30, 2021
Notes receivable			
At amortized cost	$ 1,817,972	$ 464,677	$ 1,064,259
Accounts receivable			
At amortized cost			
Gross carrying amount	11,988,221	12,801,771	12,344,694
Less: Loss allowance	7,430	6,249	6,091
Net	11,980,791	12,795,522	12,338,603
Total	$ 13,798,763	$ 13,260,199	$ 13,402,862

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 notes and accounts receivable. 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 shows that there is no significant difference in the loss patterns of different customer groups, it does not further differentiate the customer groups for the provision matrix and only sets the expected credit loss based on the number of days past due for notes and accounts receivable.

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 allowances for losses on notes and accounts receivables based on the Group's provision matrix.

June 30, 2022

	Not Past Due	Past Due within 30 Days	Past Due 31 to 90 Days	Past Due over 91 Days	Total
Expected credit loss rate	0.00%～0.05%	0.00%～4.47%	0.00%～17.01%	100.00%	
Gross carrying amount	$ 13,660,574	$ 141,548	$ 259	$ 3,812	$ 13,806,193
Loss allowance (lifetime ECLs)	(3,440)	(177)	(1)	(3,812)	(7,430)
Amortized cost	$ 13,657,134	$ 141,371	$ 258	$ -	$ 13,798,763

December 31, 2021

	Not Past Due	Past Due within 30 Days	Past Due 31 to 90 Days	Past Due over 91 Days	Total
Expected credit loss rate	0.00%	0.00%	0.00%～11.83%	100.00%	
Gross carrying amount	$ 12,843,445	$ 311,652	$ 107,128	$ 4,223	$ 13,266,448
Loss allowance (lifetime ECLs)	-	-	(2,026)	(4,223)	(6,249)
Amortized cost	$ 12,843,445	$ 311,652	$ 105,102	$ -	$ 13,260,199

June 30, 2021

	Not Past Due	Past Due within 30 Days	Past Due 31 to 90 Days	Past Due over 91 Days	Total
Expected credit loss rate	0.00%～0.14%	0.00%～5.10%	0.00%～36.87%	100.00%	
Gross carrying amount	$ 13,362,632	$ 40,180	$ 6,141	$ -	$ 13,408,953
Loss allowance (lifetime ECLs)	(5,025)	(372)	(694)	-	(6,091)
Amortized cost	$ 13,357,607	$ 39,808	$ 5,447	$ -	$ 13,402,862

Information on changes in the allowance for losses on notes and accounts receivable is as follows:

	For the Six Months Ended June 30	
	2022	2021
Beginning balance	$ 6,249	$ 10,341
Impairment losses presented (reversed) in the current period	1,125	(4,168)
Foreign exchange gains and losses	56	(82)
Ending balance	$ 7,430	$ 6,091

See Note 27 for the information on the Company's factored accounts receivables.

IX. Inventories - net

	June 30, 2022	December 31, 2021	June 30, 2021
Finished goods	$ 740,687	$ 1,033,392	$ 751,053
Work in progress	183,434	230,821	218,187
Raw materials	2,930,973	3,820,602	3,113,966
Inventories in transit	16,475	82,166	78,277
	$ 3,871,569	$ 5,166,981	$ 4,161,483

Inventory-related operating costs for the three months ended June 30, 2022 and 2021, and for the six months ended June 30, 2022 and 2021, were NT$6,709,639 thousand and NT$6,542,149 thousand, NT$13,729,994 thousand and NT$12,568,631 thousand, respectively, including write-downs of inventory of NT$31,341 thousand, NT$22,055 thousand and NT$36,796 thousand, and NT$38,087 thousand, respectively.

The Group encountered a fire accident at night on April 13, 2021. For related losses and insurance claims, please refer to Note 22 (2).

X. Financial assets at FVTOCI

	June 30, 2022	December 31, 2021	June 30, 2021
NON-CURRENT			
Domestic investment			
TMY Technology Inc.	$ 2,500	$ 5,304	$ 5,043
Foreign investments			
TIEF FUND, L.P.	32,818	24,383	25,928
	$ 35,318	$ 29,687	$ 30,971

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. Investments using the equity method

The Group's associates are listed below:

	June 30, 2022		December 31, 2021		June 30, 2021	
Investor Company	Amount	Shareholding %	Amount	Shareholding %	Amount	Shareholding %
Joint venture						
MGC-ITEQ Technology Co.,Ltd.	$ 49,000	49%	$ -	-	$ -	-

To expand the manufacturing and sales of materials for laminate substrates in semiconductor packaging, the Group established MGC-ITEQ Technology Co., Ltd. as a joint venture with Mitsubishi Gas Chemical Company, Inc. on March 31, 2022. According to the agreement, both parties have the power to veto any major resolutions at the Board of meetings, so the Group has no control over the joint venture.

The investments using the equity method and the Group's share of profit or loss and other comprehensive income of such investments were calculated based on the financial statements that were not reviewed by a CPA.

Please refer to Table 6 "Name, locations, and other information of investees" for the business nature of the above-mentioned joint venture, its principal place of business, and the country in which it is registered.

XII. Property, plant, and equipment

	June 30, 2022	December 31, 2021	June 30, 2021
BOOK VALUE FOR EACH CATEGORY			
Buildings	$ 2,231,154	$ 2,263,225	$ 2,296,868
Equipment	3,384,384	3,441,270	3,447,887
Transport Equipment	11,265	8,382	8,119
Facilities	83,277	110,361	103,753
Other Equipment	585,276	593,024	584,937
Leased Improvements	205,648	88,507	45,085
	$ 6,501,004	$ 6,504,769	$ 6,486,649

The Group recognized net reversal of impairment losses on property, plant, and equipment and prepayments for business facilities totaling NT$17,475 thousand for the six months ended June 30, 2022. This amount included a NT$17,856 thousand reversal on the Company as it was no longer considered impaired following an increase in expected future cash flow, and a NT$381 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.

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.

The Group encountered a fire accident at night on April 13, 2021. For related losses and insurance claims, please refer to Note 22 (2).

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, 2022 and 2021. 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

XIII. Lease arrangements

(I) Right-of-use assets

	June 30, 2022	December 31, 2021	June 30, 2021
Right-of-use assets amounts			
Buildings	$ 250,325	$ 271,599	$ 299,791
Land	39,324	39,274	39,728
	$ 289,649	$ 310,873	$ 339,519

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
The additions of the right-of-use assets	$ -	$ -	$ 7,521	$ -
Depreciation charge for right-of-use assets				
Buildings	$ 11,781	$ 11,070	$ 23,514	$ 22,181
Land	3,756	3,650	7,470	7,341
	$ 15,537	$ 14,720	$ 30,984	$ 29,522

Except for the additions and depreciation expense recognized above, the consolidated company’s right-of-use assets have no significant sublease or impairment for the six months ended June 30, 2022 and 2021.

(II) Lease liabilities

	June 30, 2022	December 31, 2021	June 30, 2021
Lease liabilities amounts			
Current	$ 45,126	$ 49,366	$ 55,365
Non-current	$ 211,466	$ 227,546	$ 248,463

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

	June 30, 2022	December 31, 2021	June 30, 2021
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 m2 in Beizha Village, Humen Town, Dongguan City in 2002, and the amortization of the right is 30 years. ITEQ (WX) obtained both land use rights of 76,002 m2 and 15,432 m2 in Xishan Economic & Technological Development Zone, Wuxi in 2004 and 2005, and the amortization of the right is 50 years. ITEQ (GZ) obtained the land use right of 18,508 m2 in Yonghe Economic Zone, Guangzhou Economic and Technological Development Zone in 2009, and the amortization of the right is 50 years. In 2018, ITEQ (JX) obtained the land use right of 163,680 m2 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 June 30 2022	For the Three Months Ended June 30 2021	For the Six Months Ended June 30 2022	For the Six Months Ended June 30 2021
Expenses relating to short-term and low-value asset leases	$ 13,745	$ 13,934	$ 28,305	$ 24,567
Total cash outflow for leases	($ 30,241)	($ 29,554)	($ 61,200)	($ 55,895)

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.

XIV. Intangible assets

	June 30, 2022	December 31, 2021	June 30, 2021
Goodwill	$ 8,907	$ 8,360	$ 8,297

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

XV. Other assets

Other current assets

	June 30, 2022	December 31, 2021	June 30, 2021
Offset against value-added tax payable	$ 961,417	$ 1,136,123	$ 1,260,722
Pre-payment to suppliers	14,624	16,507	30,235
Prepaid expense and others	137,965	109,368	123,017
	$ 1,114,006	$ 1,261,998	$ 1,413,974

Other non-current assets

	June 30, 2022	December 31, 2021	June 30, 2021
Pre-payments for equipment facilities	$ 3,485,482	$ 4,262,049	$ 2,742,989
Long-term prepayments	203,206	212,651	231,339
Materials and supplies	93,834	82,570	66,232
Net defined benefit plan assets	22,160	22,082	20,163
Refundable deposits (Note 28)	149,366	135,405	131,903
	$ 3,954,048	$ 4,714,757	$ 3,192,626

XVI. Borrowings

(I) Short-term borrowings

Refers to bank revolving credit loans; borrowing interest rates as at June 30, 2022, December 31, 2021, and June 30, 2022 were 0.63%-3.43%, 0.60%-3.22% and 0.61%-0.99%, respectively.

(II) Short-term bills payable - net

Outstanding short-term bills payable were as follows:

	June 30, 2022	December 31, 2021	June 30, 2021
Commercial paper	$ -	$ -	$ 390,000
Less: Unamortized discounts on bills payable	-	-	193
	$ -	$ -	$ 389,807
Interest rate	-	-	0.83%～0.85%

(III) Long-term borrowings

	June 30, 2022	December 31, 2021	June 30, 2021
Credit loans	$ -	$ -	$ 1,899,412
Less: Current portion	-	-	529,412
Long-term borrowings	$ -	$ -	$ 1,370,000
Interest rate	-	-	0.64%～0.89%
Contract start/end	-	-	2014/8/27~ 2023/6/4

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, NT$670,000 thousand was used. It was paid in full by the Company in September 2021.

The Company entered into a two-year credit loan agreement with KGI Commercial Bank with an aggregate amount of NT$700,000 thousand. As of June 30, 2021, NT$700,000 thousand was used. It was paid in full by the Company in September 2021.

The Company entered into a three-year credit loan agreement with the Agricultural Bank of Taiwan with an aggregate amount of NT$500,000 thousand. As of June 30, 2021, NT$500,000 thousand was used. It was paid in full by the Company in September 2021.

The Company entered into a seven-year credit loan agreement with O-Bank with an aggregate amount of NT$500,000 thousand, which has been fully drawn. As of June 30, 2021, it has repaid an amount of NT$470,588 thousand and repaid the loan in full in September 2021. 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.

XVII. Other payables

	June 30, 2022	December 31, 2021	June 30, 2021
Salary payables and employees' compensation	$ 563,514	$ 557,971	$ 606,291
Construction and equipment payables	1,050,353	3,216,681	3,016,977
Others	493,456	484,539	467,678
	$ 2,107,323	$ 4,259,191	$ 4,090,946

XVIII. Provisions - Current

	June 30, 2022	December 31, 2021	June 30, 2021
Sales returns and allowances	$ 19,255	$ 17,023	$ 12,205

Changes in provisions were as follows:

	For the Six Months Ended June 30	
	2022	2021
Beginning balance	$ 17,023	$ 31,619
Provision (reversal) in this period	1,876	(19,154)
Effect of exchange rate changes	356	(260)
Ending balance	$ 19,255	$ 12,205

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.

XIX. Retirement benefit plans

Employee benefit expenses in respect of the Group's defined benefit retirement plans were NT$38 thousand, NT$18 thousand, NT$77 thousand and NT$36 thousand for the three months ended June 30, 2022 and 2021, and for the six months ended June 30, 2022 and 2021, respectively, and were calculated using the actuarially determined pension cost discount rate as of December 31, 2021 and 2020.

XX. Equity

(I) Share capital

Ordinary shares

	June 30, 2022	December 31, 2021	June 30, 2021
Authorized ordinary shares (in thousands)	500,000	500,000	500,000
Authorized capital	$ 5,000,000	$ 5,000,000	$ 5,000,000
Issued and paid ordinary shares (in thousands)	382,957	382,957	332,957
Issued capital	$ 3,829,572	$ 3,829,572	$ 3,329,572

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 and the subscription base date was set by the Board of Directors on September 2, 2021. The total collected capital is NT$6,494,343 thousand after deducting the administration fee. The capital was all collected and the change of capital was registered.

(II) Capital surplus

	June 30, 2022	December 31, 2021	June 30, 2021
May be used to offset a deficit, distributed cash dividend or transferred to shares (1)			
Shares premium from issuance	$ 9,672,774	$ 9,672,774	$ 3,672,907
Expired employee stock options	10,378	10,378	9,144
Not to be used for any purpose			
Employee Stock Options	15,208	7,329	-
	$ 9,698,360	$ 9,690,481	$ 3,682,051

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

(III) Retained earnings and dividends policy

The Company’s shareholders' meeting, on July 2, 2021, passed a resolution to amend the Company's Articles of Incorporation, to authorize the Board of Directors to adopt a supermajority resolution to pay out dividends and bonuses in cash and report it to the shareholders' meeting.

Under the dividend 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 shall be resolved in the shareholders’ meeting for distribution of dividends and bonus to shareholders. Where the earnings, legal reserve, or capital surplus mentioned in the preceding paragraph is paid out in cash, the Board of Directors shall be authorized to adopt a supermajority resolution for the payout and report it to the shareholders' meeting, whereas if it is paid out by issuing new shares, it shall be carried out after a resolution is adopted by the shareholders' meeting in accordance with the regulations.

Under the dividends policy as set forth in the Company’s Articles of Incorporation before amendment, 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 shall 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 22(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 14, 2022 and July 2, 2021. Earnings distribution motions for 2021 and 2020 have been resolved and passed as follows:

	Appropriation of Earnings		Dividends Per Share (NT$)	
	2021	2020	2021	2020
Legal reserve	$ 314,669	$ 266,564		
Special reserve	69,245	(138,454)		
Cash dividends	1,914,786	1,664,786	$ 5.0	$ 5.0

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	
	2022	2021
Beginning balance	($ 505,008)	($ 442,507)
Recognized during the period		
Exchange differences on translating the financial statements of foreign operations	369,614	(189,832)
Effect of income tax	(73,923)	37,966
Other comprehensive income recognized for the period	295,691	(151,866)
Ending balance	($ 209,317)	($ 594,373)

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

	For the Six Months Ended June 30	
	2022	2021
Beginning balance	($ 9,174)	($ 2,429)
Recognized during the period		
Unrealized gain/(loss) - equity instruments	5,631	(6,684)
Effect of income tax	(1,687)	346
Other comprehensive income recognized for the period	3,944	(6,338)
Ending balance	($ 5,230)	($ 8,767)

(V) Treasury stock

For ITEQ's shareholders' interests, Board of Directors approved a share buyback program on July 8,2022 to repurchase 10,000 thousand shares. Such shares were repurchased from the centralized securities exchange market at a price ranging between NT$ 60 to NT$ 134 per share. The shares scheduled to be repurchased accounted for 2.61% of the Company's total outstanding shares. As of the reporting date, the Company had repurchased 10,000 thousand shares.

XXI. 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	
	2022	2021	2022	2021
Copper Clad Laminate	$ 5,480,974	$ 5,772,282	$ 11,367,206	$ 10,609,245
Prepreg	2,132,789	2,205,429	4,455,984	4,587,711
Others	31,892	189,868	91,523	367,159
	$ 7,645,655	$ 8,167,579	$ 15,914,713	$ 15,564,115

Up until June 30, 2022, December 31, 2021, and June 30, 2021, the balance of the Consolidated Company's contract liabilities from product sales totaled NT$27,774 thousand, NT$13,797 thousand, and NT$49,421 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.

XXII. Income Before Income Tax

(I) Other income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Grant income	$ 25,482	$ 11,523	$ 48,359	$ 15,048
Other income	2,920	9,228	5,645	17,008
	$ 28,402	$ 20,751	$ 54,004	$ 32,056

(II) Other gains or losses

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Exchange (loss) gain	($ 79,860)	$ 23,569	($ 2,972)	$ 18,453
Loss on Financial assets at FVITPL	(701)	(606)	(576)	(381)
Loss from disposal of property, plant and equipment	(1,158)	(3,807)	(2,643)	(10,632)
Reversal of loss on impairment of property, plant and equipment and prepayments for business facilities	17,475	21,345	17,475	18,707
Insurance claim income (losses from disaster)	200,000	(68,040)	450,000	(68,040)
Other losses	(993)	(2,710)	(1,145)	(4,689)
	$ 134,763	($ 30,249)	$ 460,139	($ 46,582)

A fire accident broke out at the company’s Xinpu Plant at night on April 13, 2021. As a result, some plants, equipment and inventory were damaged. However, the Company had already purchased adequate fire insurance. The estimated loss caused by the disaster amounted to NT$ 68,040 thousand after deduction of NT$ 400,000 thousand as claims receivable accounted for the six months ended June 30, 2021.

In September 2021, the Company received NT$ 400,000 thousand as the first insurance claim. As of December 31, 2021, the estimated disaster loss had amounted to NT$ 64,195 thousand (including inventory amounting to NT$ 146,205 thousand; property, plants and equipment amounting to NT$ 261,148 thousand and other losses amounting to NT$ 56,842 thousand) after deduction of the insurance claims received. It was accounted as other profit and loss of 2021.

In June 2022, the Company received the second insurance claim amounting to NT$ 250,000 thousand. In addition, the insurance notary granted the fire insurance claims to the Company, and NT$ 200,000 thousand was accounted as claims receivable within the coverage of the policy.For the three months ended June 30, 2022 and for the six months ended June 30, 2022,NT$ 200,000 thousand and NT$ 450,000 thousand were accounted respectively. The Company continuously negotiated with the insurance company about claim settlement.

(III) Depreciation and amortization

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Property, plant, and equipment	$ 256,606	$ 218,237	$ 502,164	$ 421,097
Right-of-use assets	15,537	14,720	30,984	29,522
Pre-payments	24,991	20,418	46,918	31,641
	$ 297,134	$ 253,375	$ 580,066	$ 482,260
An analysis of depreciation by function				
Operating costs	$ 237,562	$ 205,827	$ 465,219	$ 398,555
Operating expenses	34,581	27,130	67,929	52,064
	$ 272,143	$ 232,957	$ 533,148	$ 450,619
An analysis of amortization by function				
Operating costs	$ 20,527	$ 18,114	$ 39,083	$ 27,416
Selling and marketing expenses	2	2	4	5
General and administrative expenses	4,326	1,937	7,527	3,765
Research and development expenses	136	365	304	455
	$ 24,991	$ 20,418	$ 46,918	$ 31,641

(IV) Financial costs

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Interest on bank loans	$ 19,700	$ 10,846	$ 40,883	$ 30,730
Interest on lease liabilities	1,661	2,032	3,429	4,185
	$ 21,361	$ 12,878	$ 44,312	$ 34,915

(V) Employee benefits expense

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Short-term employee benefits	$ 610,602	$ 597,475	$ 1,211,975	$ 1,246,015
Post-employment benefits (Note 19)				
Defined contribution plans	3,474	3,490	7,114	7,017
Defined benefit plans	(38)	(18)	(77)	(36)
	3,436	3,472	7,037	6,981
Share-based payment	3,742	-	7,879	-
Total employee benefits expense	$ 617,780	$ 600,947	$ 1,226,891	$ 1,252,996
An analysis by function				
Operating costs	$ 393,539	$ 394,373	$ 805,689	$ 786,993
Operating expenses	224,241	206,574	421,202	466,003
	$ 617,780	$ 600,947	$ 1,226,891	$ 1,252,996

As of June 30, 2022 and 2021, the Consolidated Company had 3,660 and 3,699 employees, respectively.

(VI) Employees' compensation and remuneration of directors

Articles of Incorporation of the Company stipulate to distribute employees' compensation and remuneration of directors at the rates no less than 2% and no higher than 2%, respectively, of income before income tax, employees' compensation and remuneration of directors. The following is the employees' compensation and remuneration of directors in cash for the three months ended June 30, 2022 and 2021, and for the six months ended June 30, 2022 and 2021:

Ratio

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Employee's compensation	6.5%	6.5%	6.5%	6.5%
Remuneration to Directors	1.5%	1.5%	1.5%	1.5%

Amount

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Employee's compensation	$ 40,078	$ 62,075	$ 80,096	$ 108,930
Remuneration to Directors	$ 9,219	$ 14,325	$ 18,454	$ 25,138

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 16, 2022 and March 23, 2021. Employees' compensation and remuneration of directors for 2021 and 2020 have been resolved and passed as follows:

	Cash	
	2021	2020
Employee's compensation	$ 219,730	$ 190,724
Remuneration to Directors	$ 50,707	$ 44,013

There is no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2021 and 2020.

Information on the employees' compensation and remuneration of directors 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	
	2022	2021	2022	2021
Foreign exchange gains	$ 178,087	$ 72,696	$ 266,605	$ 111,859
Foreign exchange losses	(257,947)	(49,127)	(269,577)	(93,406)
Net exchange (loss) gain	($ 79,860)	$ 23,569	($ 2,972)	$ 18,453

XXIII. Income tax

(I) Income tax recognized in profit or loss

Major components of income tax expense were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Current tax payable				
In respect of current period	$ 100,177	$ 269,060	$ 238,969	$ 453,809
Prior years adjustment	6,059	(21,622)	6,059	(21,622)
	106,236	247,438	245,028	432,187
Deferred tax				
In respect of current period	47,312	15,127	75,409	30,814
Prior years adjustment	7,733	-	7,733	-
	55,045	15,127	83,142	30,814
Income tax recognized in profit or loss expenses	$ 161,281	$ 262,565	$ 328,170	$ 463,001

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) and ITEQ (DG) were recognized as entities in the high and new technology industry in China and were listed in the high-tech enterprises. ITEQ (JX) satisfies the requirements for being granted the privileges on tax reduction and exemption. 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	
	2022	2021	2022	2021
Deferred tax				
Recognized during the period				
- Exchange difference on translation of foreign operations	$ 68,910	$ 21,976	($ 73,923)	$ 37,966
- Unrealized gain (loss) on financial assets at FVTOCI	(1,521)	227	(1,687)	346
	$ 67,389	$ 22,203	($ 75,610)	$ 38,312

(III) Income tax assessments

Income tax returns of the Company and Bou Mou through 2019 and 2020 had been examined and assessed by the tax authorities.

XXIV. Earnings per share

Unit: NT$ Per Share

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Basic earnings per share	$ 1.14	$ 2.58	$ 3.25	$ 4.51
Diluted earnings per share	$ 1.13	$ 2.58	$ 3.23	$ 4.49

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

NET INCOME FOR THE PERIOD

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Net income in the computation of basic earnings per share	$ 434,702	$ 859,954	$ 1,243,815	$ 1,502,495
Net income in the computation of diluted earnings per share	$ 434,702	$ 859,954	$ 1,243,815	$ 1,502,495

NUMBER OF SHARES

Unit: Thousand Shares

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Weighted average number of ordinary shares in the computation of basic earnings per share	382,957	332,957	382,957	332,957
Effect of potentially dilutive ordinary shares:				
Employee's compensation	558	436	2,235	2,026
Weighted average number of ordinary shares used in the computation of diluted earnings per share	383,515	333,393	385,192	334,983

If the Company has the option to pay employees' compensation 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 employees' compensation 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.

XXV. Share-based payment agreement

Employee stock option plan

The Company issued 1,000 units of stock options to employees in July 2021. Each unit may subscribe for 1,000 ordinary shares. Employees of the Company and subsidiaries meeting certain criteria are entitled. The duration of stock options is 5 years and the certificate holder may exercise certain percentage of the stock options upon expiration of 2, 3 and 4 years from the date of issuance, respectively. The exercise price of the stock options shall not be lower than 70% of the closing price of the ordinary shares on the date of issuance. In the event of changes in the shares of the Company's shares, the exercise price of the stock options shall be adjusted in accordance with the prescribed formula. For the three months and six months ended June 30, 2022, the cost for stock options recognized were 3,742 thousand and 7,879 thousand, respectively, and the same amount of capital reserve - employee stock options was recognized.

Information on employee stock options is as follows:

	For the Six Months Ended June 30, 2022	
Employee Stock Options	Unit: (Thousand)	Weighted average exercise price (NT$)
Outstanding at the beginning of the period	1,000	$ 95.9
Issued this period	-	-
Lost this period	-	-
Outstanding at the end of the period	1,000	95.9
Exercisable at the end of the period	-	
Weighted average fair value of stock options issued during the period (NT$)	$ 57.2	

XXVI. 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 items).

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

The management of the consolidated company re-examines the Group's review the 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.

XXVII. Disclosures for financial instruments

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

1. Fair value hierarchy

June 30, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVITPL				
Securities listed in ROC Emerging Stock Market	$ -	$ -	$ 4,042	$ 4,042
Financial assets at FVTOCI				
Equity securities	$ -	$ -	$ 35,318	$ 35,318

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVITPL				
Securities listed in ROC Equity Securities	$ -	$ -	$ 4,618	$ 4,618
Financial assets at FVTOCI				
Equity securities	$ -	$ -	$ 29,687	$ 29,687

June 30, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVITPL				
Securities listed in ROC Equity Securities	$ -	$ -	$ 5,315	$ 5,315
Financial assets at FVTOCI				
Equity securities	$ -	$ -	$ 30,971	$ 30,971

There were no transfers between Level 1 and Level 2 fair value measurements for the six months ended June 30, 2022 and 2021.

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

	Financial assets at FVITPL	Financial assets at FVTOCI
January 1, 2022	$ 4,618	$ 29,687
Recognized in profit or loss	(576)	-
Recognized in other comprehensive income	-	5,631
June 30, 2022	$ 4,042	$ 35,318
January 1, 2021	$ 5,696	$ 37,655
Recognized in profit or loss	(381)	-
Recognized in other comprehensive income	-	(6,684)
June 30, 2021	$ 5,315	$ 30,971

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 multiplier of public companies' quoted market prices as well as the net value per share and the sales value. These values have taken into account the liquidity discounts.

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

	Multiplier	Liquidity Discounts
June 30, 2022	1.39~3.24	20%~25%
December 31, 2021	1.59~5.38	20%~25%
June 30, 2021	1.46~4.31	20%~25%

(II) Categories of financial instruments

	June 30, 2022	December 31, 2021	June 30, 2021
Financial assets			
Financial assets at FVITPL	$ 4,042	$ 4,618	$ 5,315
Financial assets at amortized cost (Note 1)	18,144,336	18,020,938	16,779,814
Financial assets at FVTOCI	35,318	29,687	30,971
Financial liabilities			
Amortized cost (Note 2)	9,877,678	13,545,287	16,298,573

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

Note 2: The balances included financial liabilities measured at amortized cost, which comprise short-term loans, short-term bills payable - net amount, notes payable, accounts payable, other payables, long-term borrowings maturing within one year, 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 9% and 11% of the consolidated Company's sales for the six months ended June 30, 2022 and 2021, were not denominated in the functional currency of the Company, and approximately 26% and 43% 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.

See Note 30 for book values of monetary assets and liabilities that were denominated in currencies other than the functional currency as of the balance sheet date (including monetary items denominated in non-functional currencies that were eliminated throughout consolidation), and the carrying amount of derivatives with exchange rate risk exposure.

Sensitivity Analysis

The Group was mainly exposed to U.S. dollars and analyzed the sensitivity to a NT$0.5 increase and decrease in New Taiwan dollars against one U.S. dollar. The sensitivity to a NT$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 income before income tax or other equity if U.S. dollars are strengthened byNT$0.5 against the one New Taiwan dollar. For a NT$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 income before income tax or other equity. The balances below would be negative.

	U.S. Dollar Impact For the Six Months Ended June 30	
	2022	2021
Profit or loss	($ 17,619)	($ 36,838)

(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 and bank loans. 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:

	June 30, 2022	December 31, 2021	June 30, 2021
Fair value interest rate risk			
-Financial liabilities	$ 1,109,191	$ 1,870,654	$ 389,807
Cash flow interest rate risk			
-Financial assets	2,450,953	3,201,266	1,686,939
-Financial liabilities	941,565	260,490	4,123,810

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 would result in an decrease in the Company's income before income tax by NT$1,887 thousand and NT$3,046 thousand for the six months ended June 30, 2022 and 2021.

(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 six months ended June 30, 2022 and 2021, if equity prices increase by 10%, income before tax would be NT$404 thousand and NT$532 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$3,532 thousand and NT$3,097 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, 2022, December 31, 2021, and June 30, 2021, the ratio of the total accounts receivable coming from the aforementioned customers was 57%, 55%, and 56%, 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, 2022, December 31, 2021, and June 30, 2021 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, 2022				
	180 Days	181-270 Days	271-360 Days	Over 361 Days	Total
Non-derivative financial liabilities					
Short-term borrowings	$ 2,069,552	$ -	$ -	$ -	$ 2,069,552
Notes and accounts payable	5,686,049	-	-	-	5,686,049
Cash dividends payable	1,914,786	-	-	-	1,914,786
Other payables	2,107,323	-	-	-	2,107,323
Lease liabilities	25,799	12,581	12,463	222,967	273,810
	$ 11,803,509	$ 12,581	$ 12,463	$ 222,967	$ 12,051,520

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

	Less than One Year	1~5 Years	5~10 Years
Lease liabilities	$ 50,843	$ 177,892	$ 45,075

	December 31, 2021				
	180 Days	181-270 Days	271-360 Days	Over 361 Days	Total
Non-derivative financial liabilities					
Short-term borrowings	$ 2,140,928	$ -	$ -	$ -	$ 2,140,928
Notes and accounts payable	7,121,256	-	-	-	7,121,256
Other payables	4,259,191	-	-	-	4,259,151
Lease liabilities	31,314	12,512	11,855	241,339	297,020
	$ 13,552,689	$ 12,512	$ 11,855	$ 241,339	$ 13,818,395

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

	Less than One Year	1~5 Years	5~10 Years
Lease liabilities	$ 55,681	$ 182,394	$ 58,945

	June 30, 2021				
	180 Days	181-270 Days	271-360 Days	Over 361 Days	Total
Non-derivative financial liabilities					
Short-term borrowings	$ 2,230,936	$ -	$ -	$ -	$ 2,230,936
Short-term bills payable - net	390,000	-	-	-	390,000
Notes 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
	$ 14,436,139	$ 19,373	$ 519,373	$ 1,649,982	$ 16,624,867

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

	Less than One Year	1~5 Years	5~10 Years
Lease liabilities	$ 62,384	$ 157,533	$ 107,688

(2) Financing facilities

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

	June 30, 2022	December 31, 2021	June 30, 2021
Unsecured bank borrowings facility			
Amount used	$ 3,345,558	$ 3,232,969	$ 5,640,657
Amount unused	10,502,774	10,810,628	6,612,642
	$ 13,848,332	$ 14,043,597	$ 12,253,299

(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
June 30, 2022					
Taishin Bank	-	$ 87,988	$ -	$ 87,988	$ 168,076
KGI Commercial Bank	-	2,691	-	2,691	17,832
		$ 90,679	$ -	$ 90,679	$ 185,908
December 31, 2021					
Taishin Bank	-	$ 157,074	$ -	$ 157,074	$ 161,344
KGI Commercial Bank	-	3,325	-	3,325	16,608
		$ 160,399	$ -	$ 160,399	$ 177,952
June 30, 2021					
Taishin Bank	-	$ 60,314	$ -	$ 60,314	$ 161,938
KGI Commercial Bank	-	5,116	-	5,116	16,716
Bank SinoPac	-	-	-	-	208,950
		$ 65,430	$ -	$ 65,430	$ 387,604

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, 2022, December 31, 2021, and June 30, 2021, the Group had issued promissory notes with an aggregate amount of NT$187,076 thousand, NT$180,344 thousand, and NT$430,938 thousand to the banks as collateral, respectively.

The Group transferred the receivables from bank acceptances for endorsement to China Post, Industrial and Commercial Bank of China, Minsheng Bank, Bank Of Ningbo, Bank Of Jiangsu, and Bank of China 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, 2022, December 31, 2021, and June 30, 2021, said losses were NT$2,522,784 thousand, NT$4,578,090 thousand, and NT$817,243 thousand, respectively. Said acceptances all would be due within 1 to 5 months after the balance sheet date. 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, 2022 and 2021, and for the six months ended June 30, 2022 and 2021, the Group recognized the financial costs of NT$4,755thousand, NT$4,090 thousand, NT$16,286 thousand and NT$14,952 thousand when transferring the bank acceptances receivable and no profit or loss were recognized for its continuous participation in said acceptances both in the current period and in accumulation.

XXVIII. 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

Related Party Name	Related Party Category
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 paid monthly.

Line Item	June 30, 2022	December 31, 2021	June 30, 2021
Right-of-use assets	$ 187,991	$ 198,628	$ 212,815
Refundable deposits	$ 102,450	$ 101,891	$ 101,335
Lease liabilities - current	$ 27,302	$ 26,566	$ 26,356
Lease liabilities - non-current	158,162	168,563	181,898
	$ 185,464	$ 195,129	$ 208,254

	For the Three Months Ended June 30		For the Six Months Ended June 30	
Line Item	2022	2021	2022	2021
Financial costs	$ 755	$ 844	$ 1,536	$ 1,714
Depreciation expenses	$ 7,231	$ 7,094	$ 14,461	$ 14,188
Interest income	$ 280	$ 277	$ 559	$ 553

(III) Compensation of key management personnel

The compensation of key management personnel of the three months ended June 30, 2022 and 2021, and for the six months ended June 30, 2022 and 2021, are disclosed below.

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Short-term employee benefits	$ 6,177	$ 6,817	$ 19,464	$ 21,075
Post-employment benefits	166	165	317	293
	$ 6,343	$ 6,982	$ 19,781	$ 21,368

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

XXIX. Significant Contingent Liabilities and Unrecognized Commitments

Significant commitments and contingencies of the Group as of June 30, 2022 were as follows:

(I) Letter of credit opened but unused amounted to NT$742,932 thousand.

(II) Outstanding contractual payments for construction equipment were NT$4,679,032 thousand.

XXX. 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, 2022	December 31, 2021	June 30, 2021
Foreign currency asset			
Monetary item			
Foreign Currency - US$	$ 95,738	$ 117,968	$ 113,966
Exchange Rate	29.72	27.68	27.86
Carrying amount	2,845,333	3,265,354	3,175,093
Foreign currency liabilities			
Monetary item			
Foreign Currency - US$	130,975	158,310	187,642
Exchange Rate	29.72	27.68	27.86
Carrying amount	3,892,577	4,382,021	5,227,706

	For the Three Months Ended June 30			
	2022		2021	
Foreign Currency	Exchange Rate	Net Foreign currency Exchange Gain (Loss)	Exchange Rate	Net Foreign currency Exchange Gain (Loss)
USD	6.61(USD: RMB)	($ 127,077)	6.46(USD: RMB)	$ 41,944
USD	29.43(USD: NTD)	32,869	27.98(USD: NTD)	(23,967)

	For the Six Months Ended June 30			
	2022		2021	
Foreign Currency	Exchange Rate	Net Foreign currency Exchange Gain (Loss)	Exchange Rate	Net Foreign currency Exchange Gain (Loss)
USD	6.48(USD: RMB)	($ 109,575)	6.47(USD: RMB)	$ 39,388
USD	28.71(USD: NTD)	76,069	28.18(USD: NTD)	(28,285)

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, 2022. 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. Others: The business relationship between the parent and the subsidiaries and significant transaction between them: (Table 8)

(II) Information on investments in Mainland China

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

2. Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
   (1) The amount and percentage of purchase and the balance and percentage of the related payables at the end of the period: Tables 4 and 8.
   (2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Tables 4, 5, and 8.
   (3) The amount of property transactions and the amount of the resultant gains or losses: None.
   (4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: Table 2.
   (5) The highest balance, ending balance, interest rate interval, and total interest for the current period with respect to financing of fund: Table 1.
   (6) Other transactions that have a material effect on profit or loss for the period or on the financial position, such as the rendering or receipt of services: None.

(III) 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 include prepreg products (PP) and copper-clad laminates (CCL)) were as follows:

The Company excluded revenue and profit from triangular trade.)

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

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

ITEQ (JX) (included revenue and profit from ITEQ (JX))

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 June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
The Company	$ 993,687	$ 2,172,311	($ 408,972)	($ 213,995)
ITEQ WUXI	8,033,223	7,913,944	747,199	977,774
ITEQ (DG)	7,419,926	6,625,789	317,591	547,315
ITEQ (JX)	4,642,114	3,407,376	292,859	478,397
Others	3,535,742	3,509,740	163,302	353,524
	$ 24,624,692	$ 23,629,160	1,111,979	2,143,015
Headquarter management cost			(18,454)	(134,067)
Non-operating income and expenses			478,460	(43,452)
Income before income tax			$ 1,571,985	$ 1,965,496

Intersegment transactions were not eliminated from the segment revenue reported above. For the six months ended June 30, 2022, the Group's revenue from ITEQ (WX), ITEQ (DG), ITEQ (JX), and others were NT$1,132,335 thousand, NT$2,359,934 thousand, NT$4,124,621 thousand, and NT$1,093,089 thousand, respectively; for the six months ended 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;

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

	June 30, 2022	December 31, 2021	June 30, 2021
Segment assets			
The Company	$ 4,630,858	$ 5,007,963	$ 4,614,173
ITEQ WUXI	12,096,973	12,745,709	11,945,230
ITEQ (DG)	8,988,226	10,357,310	9,357,174
ITEQ (JX)	12,335,581	14,879,076	11,621,913
Others	7,182,511	6,786,624	6,532,457
Sub-total	45,234,149	49,776,682	44,070,947
Others	80,935,429	75,800,484	66,002,784
Eliminations	(92,126,165)	(89,339,880)	(77,375,551)
Total assets	$ 34,043,413	$ 36,237,286	$ 32,698,180

To monitor segment performance and allocate resources between segments:

All assets were allocated to the reporting department other than financial assets at for value through other comprehensive income - current, investments using the equity method, financial assets at fair value through profit or loss - non-current, 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, 2022

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 Name	Collateral Value	Financing Limit for Each Borrowing Company (Notes 1 and 2)	Financing Amount Limits (Notes 1 and 2)
0	The Company	ITEQ (JX)	Accounts receivable - related parties and other receivables - related parties	Yes	$ 424,747 thousand	$ 286,490 thousand	$ 286,490 thousand	-	Short-term financing	$ -	Operating capital	$ -	-	$ -	$ 4,156,771	$ 4,156,771
1	IIL	ITEQ (WX)	Accounts receivable - related parties and other receivables - related parties	Yes	US$11,353 thousand	US$10,249 thousand	US$10,249 thousand	-	Short-term financing	-	Operating capital	-	-	-	536,029	536,029
2	ITEQ (DG)	ITEQ (JX)	Accounts receivable - related parties and other receivables - related parties	Yes	RMB 200,000thousand	RMB 200,000thousand	RMB - thousand	1.5	Short-term financing	-	Operating capital	-	-	-	4,156,771	4,156,771
3	ITEQ (WX)	IIL	Accounts receivable - related parties and other receivables - related parties	Yes	RMB 65,419 thousand	RMB 65,419 thousand	RMB 65,419 thousand	-	Short-term financing	-	Operating capital	-	-	-	4,156,771	4,156,771
3	ITEQ (WX)	ITEQ (JX)	Accounts receivable - related parties and other receivables - related parties	Yes	RMB 150,000thousand	RMB 150,000thousand	RMB 130,000thousand	1.5	Short-term financing	-	Operating capital	-	-	-	4,156,771	4,156,771
3	ITEQ (WX)	ITEQ (JX)	Accounts receivable - related parties and other receivables - related parties	Yes	RMB 300,000thousand	RMB 300,000thousand	RMB 300,000thousand	1.5	Short-term financing	-	Operating capital	-	-	-	4,156,771	4,156,771
4	ITEQ (JX)	The Company	Accounts receivable - related parties and other receivables - related parties	Yes	RMB 1,255 thousand	RMB - thousand	RMB - thousand	-	Short-term financing	-	Operating capital	-	-	-	4,156,771	4,156,771

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 (2022 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, 2022). 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 (2022 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, 2022

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 (Notes 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	$ 20,783,855	$ 300,000 (Note 3)	$ -	$ -	$ -	-	$ 20,783,855	Y	N	N
0	The Company	IIL	Investee in which the Company holds 100% of its shares indirectly	20,783,855	965,900 (Note 3)	965,900	52,275	-	4.65%	20,783,855	Y	N	N
0	The Company	IPL	Investee in which the Company holds 100% of its shares indirectly	20,783,855	3,640,700 (Note 3)	3,640,700	1,526,518	-	17.52%	20,783,855	Y	N	N
0	The Company	ITEQ (DG)	Investee in which the Company holds 100% of its shares indirectly	20,783,855	1,928,830 (Note 3)	1,928,830	445,800	-	9.28%	20,783,855	Y	N	Y
0	The Company	ITEQ (JX)	Investee in which the Company holds 100% of its shares indirectly	20,783,855	2,969,030 (Note 3)	2,969,030	1,139,081	-	14.29%	20,783,855	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 (2022 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 (2022 Q1).

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

ITEQ Corporation and Subsidiaries

MARKETABLE SECURITIES HELD

June 30, 2022

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, 2022				Remarks
				Shares (Thousands)	Carrying amount	Percentage of Ownership	Fair Value	
The Company	Stocks							
	Bon-In Biologic Technology Company	—	Financial assets at FVITPL - current	100	$ -	5.0	$ -	
	TMY Technology Inc.	—	Financial assets at FVTOCI - non-current	357	2,500	1.1	2,500	
Bou Mou	Stocks							
	Mortech Corporation	—	Financial assets at FVITPL - current	381	4,042	1.0	4,042	
	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.P.	—	Financial assets at FVTOCI - non-current	-	32,818	4.8	32,818	

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 June 30, 2022

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	Percentage in total accounts/notes receivable (payable) %	
The Company	ITEQ (JX)	Investee in which the Company holds 100% of its shares indirectly	Sales	($ 111,253)	(20%)	—	$ -	—	$ 428,009	47%	
ITEQ (JX)	The Company	Investee in which the Company holds 100% of its shares indirectly	Purchases	111,253	3%	—	-	—	(428,009)	(17%)	
ITEQ (WX)	The Company	Investee in which the Company holds 100% of its shares indirectly	Sales	(299,734)	(4%)	—	-	—	234,676	-	
The Company	ITEQ (WX)	Investee in which the Company holds 100% of its shares indirectly	Purchases	299,734	73%	—	-	—	(234,676)	(42%)	Note 1
ITEQ (DG)	ITEQ (GZ)	Same parent company	Sales	(1,115,207)	(17%)	—	-	—	843,549	16%	
ITEQ (GZ)	ITEQ (DG)	Same parent company	Purchases	1,115,207	35%	—	-	—	(843,549)	(44%)	
ITEQ (DG)	ITEQ (GZ)	Same parent company	Purchases	771,044	13%	—	-	—	(541,201)	(14%)	
ITEQ (GZ)	ITEQ (DG)	Same parent company	Sales	(771,044)	(22%)	—	-	—	541,201	16%	
ITEQ (WX)	ITEQ (DG)	Same parent company	Sales	(297,431)	(4%)	—	-	—	228,803	3%	
ITEQ (DG)	ITEQ (WX)	Same parent company	Purchases	297,431	5%	—	-	—	(228,803)	(6%)	
ITEQ (WX)	IIL	Same parent company	Sales	(340,892)	(5%)	—	-	—	655,480	10%	
IIL	ITEQ (WX)	Same parent company	Purchases	340,892	51%	—	-	—	(655,480)	(94%)	
ITEQ (JX)	ITEQ (DG)	Same parent company	Sales	(2,585,820)	(54%)	—	-	—	1,945,208	37%	
ITEQ (DG)	ITEQ (JX)	Same parent company	Purchases	2,585,820	42%	—	-	—	(1,945,208)	(51%)	
ITEQ (JX)	ITEQ (GZ)	Same parent company	Sales	(122,726)	(3%)	—	-	—	94,102	2%	
ITEQ (GZ)	ITEQ (JX)	Same parent company	Purchases	122,726	4%	—	-	—	(94,102)	(5%)	
ITEQ (JX)	ITEQ (WX)	Same parent company	Sales	(1,366,155)	(29%)	—	-	—	1,008,494	19%	
ITEQ (WX)	ITEQ (JX)	Same parent company	Purchases	1,366,155	21%	—	-	—	(1,008,494)	(28%)	
IPL	ITEQ (DG)	Same parent company	Sales	(237,221)	(25%)	—	-	—	169,160	24%	
ITEQ (DG)	IPL	Same parent company	Purchases	237,221	4%	—	-	—	(169,160)	(4%)	
IPL	ITEQ (GZ)	Same parent company	Sales	(294,191)	(31%)	—	-	—	300,400	42%	
ITEQ (GZ)	IPL	Same parent company	Purchases	294,191	9%	—	-	—	(300,400)	(16%)	
IPL	ITEQ (JX)	Same parent company	Sales	(369,915)	(39%)	—	-	—	219,498	31%	
ITEQ (JX)	IPL	Same parent company	Purchases	369,915	9%	—	-	—	(219,498)	(9%)	
IIL	ITEQ (WX)	Same parent company	Sales	(311,958)	(46%)	—	-	—	559,313	66%	
ITEQ (WX)	IIL	Same parent company	Purchases	311,958	5%	—	-	—	(559,313)	(16%)	

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

Note 2: 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, 2022

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 (JX)	Investee in which the Company holds 100% of its shares indirectly	$ 428,009	—	$ -	—	$ 94,310	$ -
ITEQ (DG)	ITEQ (GZ)	Same parent company	843,549	—	-	—	272,339	-
ITEQ (GZ)	ITEQ (DG)	Same parent company	541,201	—	-	—	135,446	-
ITEQ (WX)	IIL	Same parent company	655,480	—	-	—	76,536	-
ITEQ (WX)	ITEQ (DG)	Same parent company	228,803	—	-	—	87,464	-
ITEQ (JX)	ITEQ (DG)	Same parent company	1,945,208	—	-	—	687,823	-
ITEQ (JX)	ITEQ (WX)	Same parent company	1,008,494	—	-	—	221,415	-
IIL	The Company	Same parent company	226,903	—	-	—	124,410	-
IIL	ITEQ (WX)	Same parent company	559,313	—	-	—	56,933	-
IPL	ITEQ (GZ)	Same parent company	300,400	—	-	—	60,773	-
IPL	ITEQ (JX)	Same parent company	219,498	—	-	—	64,712	-
IPL	ITEQ (DG)	Same parent company	169,160	—	-	—	53,223	-

Note: Eliminated in the consolidated financial statements.

ITEQ Corporation and Subsidiaries

INFORMATION ON INVESTEES

For the Six Months Ended June 30, 2022

TABLE 6

Unit: NTD thousands
unless stated otherwise

Investor	Investor Company	Location	Main Businesses and Products	Original Investment Amount		As of June 30, 2021			Net Income (Loss) of the Investee	Share of Profits	Remarks
				End of this period	End of last period	Ordinary Shares (Thousands)	Percentage (%)	Carrying amount			
The Company	ITEQ International	Samoa	Investment	US$61,719 thousand	US$61,719 thousand	18,500	100%	$ 19,837,858	$ 1,192,746	$ 1,192,746	Note 1
	Bou Mou	Hsinchu County	Investment	70,000	70,000	7,000	100%	96,404	378	378	
	MGC-ITEQ Technology Co., Ltd.	Hsinchu County	Electronic Parts and Components Manufacturing	49,000	-	4,900	49%	49,000	-	-	
ITEQ International	ITEQ Holding	British Cayman Islands	Investment	US$61,719 thousand	US$61,719 thousand	18,500	100%	US$660,017 thousand	US$41,850 thousand	US$41,850 thousand	
ITEQ Holding	ESIC	The British Virgin Islands	Mainland China Re-investment	US$13,000 thousand	US$13,000 thousand	10,750	100%	US$248,872 thousand	US$13,592 thousand	US$13,592 thousand	
	IPL	Samoa	Import/Export	US$1,000 thousand	US$1,000 thousand	1,000	100%	US$3,035 thousand	US$1,856 thousand	US$1,856 thousand	
	IIL	Samoa	Import/Export	US$1,000 thousand	US$1,000 thousand	1,000	100%	US$2,343 thousand	(US$663 thousand)	(US$663 thousand)	
	Eagle Great	The British Virgin Islands	Mainland China Re-investment	US$8,499 thousand	US$8,499 thousand	8,499	100%	US$16,928 thousand	(US$1,176 thousand)	(US$1,176 thousand)	
	ITEQ (HK)	Hong Kong	Mainland China Re-investment	US$24,200 thousand	US$24,200 thousand	24,200	100%	US$361,527 thousand	US$28,575 thousand	US$28,575 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, 2022

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, 2022	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of June 30, 2022	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, 2022	Accumulated Repatriation of Investment Income as of June 30, 2022
					Outward	Inward						
ITEQ (DG)	Produces and sells prepreg and copper-clad lamination	US$20,000 thousand	Notes 1 and 4	US$13,000 thousand	$ -	$ -	US$13,000 thousand	US$10,099 thousand	100%	US$10,099 thousand	US$149,532 thousand	$ -
ITEQ (WX)	Produces and sells prepreg and copper-clad lamination	US$41,000 thousand	Notes 1 and 4	US$22,100 thousand	-	-	US$22,100 thousand	US$23,460 thousand	100%	US$23,460 thousand	US$295,752 thousand	US$82,231 thousand
ITEQ (HJ)	Produces and sells mass lamination	US$8,499 thousand	Notes 1 and 4	US$8,286 thousand	-	-	US$8,286 thousand	(US$1,166 thousand)	100%	(US$1,166 thousand)	US$16,399 thousand	-
ITEQ (GZ)	Produces and sells prepreg and copper-clad lamination	US$23,700 thousand	Note 1	US$16,200 thousand	-	-	US$16,200 thousand	US$5,136 thousand	100%	US$5,136 thousand	US$92,271 thousand	US$26,610 thousand
ITEQ (JX)	Produces and sells prepreg and copper-clad lamination	US$160,800 thousand	Notes 1 and 4	-	-	-	-	US$6,516 thousand	100%	US$6,516 thousand	US$200,092 thousand	-

Accumulated Outward Remittance for Investment in Mainland China as of June 30, 2022	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	$ 12,570,769(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).

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

INTERCOMPANY RELATIONSHIP AND SIGNIFICANT INTERCOMPANY TRANSACTIONS

For the Six Months Ended June 30, 2022

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 International	1	Other receivables	$ 326,920	Note 4	0.96%
0	The Company	ITEQ (JX)	1	Accounts receivable	428,009	Note 4	1.26%
1	IPL	ITEQ (DG)	3	Sale	237,221	Note 4	1.49%
1	IPL	ITEQ (GZ)	3	Accounts receivable	300,400	Note 4	0.88%
1	IPL	ITEQ (JX)	3	Accounts receivable	219,498	Note 4	0.64%
1	IPL	ITEQ (JX)	3	Sale	369,915	Note 4	2.32%
1	IPL	ITEQ (GZ)	3	Sale	294,191	Note 4	1.85%
2	IIL	ITEQ (WX)	3	Accounts receivable	559,313	Note 4	1.64%
2	IIL	ITEQ (WX)	3	Sale	311,958	Note 4	1.96%
2	IIL	The Company	2	Accounts receivable	226,903	Note 4	0.67%
3	ITEQ (DG)	ITEQ (GZ)	3	Accounts receivable	843,549	Note 4	2.48%
3	ITEQ (DG)	ITEQ (GZ)	3	Sale	1,115,207	Note 4	7.01%
4	ITEQ (WX)	ITEQ (DG)	3	Accounts receivable	228,803	Note 4	0.67%
4	ITEQ (WX)	ITEQ (DG)	3	Sale	297,431	Note 4	1.87%
4	ITEQ (WX)	IIL	3	Sale	340,892	Note 4	2.14%
4	ITEQ (WX)	The Company	2	Sale	299,734	Note 4	1.88%
4	ITEQ (WX)	IIL	3	Accounts receivable	655,480	Note 4	1.93%
4	ITEQ (WX)	ITEQ (JX)	3	Other receivables	2,012,807	Note 4	5.91%
5	ITEQ (GZ)	ITEQ (DG)	3	Accounts receivable	541,201	Note 4	1.59%
5	ITEQ (GZ)	ITEQ (DG)	3	Sale	771,044	Note 4	4.84%
6	ITEQ (JX)	ITEQ (WX)	3	Accounts receivable	1,008,494	Note 4	2.96%
6	ITEQ (JX)	ITEQ (DG)	3	Accounts receivable	1,945,208	Note 4	5.71%
6	ITEQ (JX)	ITEQ (WX)	3	Sale	1,366,155	Note 4	8.58%
6	ITEQ (JX)	ITEQ (DG)	3	Sale	2,585,820	Note 4	16.25%
7	ITEQ Holding	ITEQ (HK)	3	Other receivables	810,788	Note 4	2.38%
8	ITEQ International	ITEQ Holding	3	Other receivables	326,920	Note 4	0.96%

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 5 - 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, 2022

TABLE 9

Name of major shareholder	Shares	
	No. of ordinary Shares shares held	Ratio of shareholdings
WIN Semiconductors Corp.	65,408,733	17.07%
Tian He Xing Ye Corp.	42,380,591	11.06%
Fu Cun Construction Co.	32,967,897	8.60%

Note 1: The table discloses information on major 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.