Stock No: 6213

Innovation, Teamwork, Excellence, Quality

ITEQ Corporation

2021 Annual Report

Notice to readers

This English version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English version and Chinese version, the Chinese version shall prevail.

Taiwan Stock Exchange Market Observation Post System:http://mops.twse.com.tw
Designated website by FSC：http://sii.twse.com.tw
Company website:http://www.iteq.com.tw
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I. Spokesperson and Acting Spokesman of the Company

Spokesperson: Hsin-Hui Tsai CEO and General Manager

Tel: (03)588-7888

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Acting Spokesperson: Jun-Ren Huang Director

Tel: (03)588-7888

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II. Contact Information of Headquarters, Branches, and Plants

Type	Name of Company	Address:	Tel:
Headquarters and plants	ITEQ Corporation	No. 17, Daluge Road, Xinpu Town, Hsinchu County	(03)588-7888
Branches and Plants	ITEQ (Dongguan) Corporation	No.168, Dongfang Avenue, Nanfang Industrial Zone, Beizha Village, Humen Town, Dongguan, Guangdong Province	0769-8900-6168
	ITEQ (Wuxi) Corporation	No. 3, Chunhui Middle Road, Xishan Economic Development Zone, Dongting Town, Xishan District, Wuxi, Jiangsu Province	0510-8826-7168
	Guangzhou ITEQ Electronic Technology Co., Ltd.	No. 2, Huafeng Road, Yonghe Economic Zone, Guangzhou Economic and Technological Development Zone, Guangzhou Province	020-6286-8088
	Maocheng Electronic Technology (Dongguan) Co., Ltd.	No. 13, Binhe Road, Tianxin Village, Huangjiang Town, Dongguan, Guangdong Province	0769-3893-2168
	Jiangxi ITEQ Electronic Technology Co., Ltd.	Ganzhou Electronic Information Industry Technology City, Longnan Economic and Technological Development Zone, Longnan, Ganzhou, Jiangxi Province	0797-7322-888

III. Contact Information of Stock Transfer Agent

Name: Grand Fortune Securities Co., Ltd.

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Tel:(02)2371-1658

Website:http://www.gfortune.com.tw

IV. CPA for the Financial Statements for the Most Recent Year

Name of CPA: Cheng-Hsiu Yang, Po-Jen Weng

Name of accounting firm: Deloitte & Touche

Address: 20F., No. 100, Songren Rd., Xinyi Dist., Taipei City

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V. Overseas Securities Exchange Where Securities are Listed and Method of Inquiry:

None

VI. Corporate Website: http://www.iteq.com.tw

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Chapter I. Letter to Shareholders

Ladies and Gentlemen,

I. 2021 Business Results

(I) Implementation and Results of the 2021 Business Plan

Unit: NT$ thousand

Item	2020	2021	YoY (%)
Operating Revenue	25,421,687	32,524,688	27.94
Gross Profit	4,950,614	5,979,549	20.78
Operating Income	3,218,206	3,819,496	18.68
Non-operating Income (or Expenses)	176,315	(4,793)	(102.72)
Net income after tax	2,665,565	3,144,803	17.98
Net Profit Margin (%)	10.49%	9.67%	—

(II) Budget Execution Status

The Company did not make public its forecast for 2021, so there is no need to disclose the budget execution status. However, the overall actual operating conditions and performance are generally in line with the Company's internal operating plan.

(III) Analysis of Financial Income and Expenditure and Profitability

Item		2020	2021
Financial Structure	Debt ratio (%)	47.85	41.18
	Long-term Capital to Property, Plant and Equipment Ratio (%)	320.50	322.38
Debt-paying Ability	Current Ratio (%)	186.44	170.88
	Quick Ratio (%)	153.14	134.00
Operating Ability	Average Collection Days	154.00	136.00
	Average Inventory Turnover Days	53.00	62.00
Profitability Ability	Return on Assets (ROA) (%)	11.09	10.37
	Return on Equity (%)	23.89	18.12
	Net Profit Before Tax to Paid-in Capital Ratio (%)	101.95	99.61
	Net Profit Margin (%)	10.49	9.67
	Earnings Per Share After Tax (NT$)	8.19	9.00

(IV) Research and Development Status

ITEQ Corporation has been cultivating enthusiastically on high-frequency, high-speed, and low transmission loss products for internet communication infrastructure applications, and is one of the world's leaders in special laminate materials. The Company will continue to optimize and improve the existing low Dk/Df electronic materials for use in various fields, such as data centers, 5G communications, Internet of Things, new energy vehicle electronics, etc.

The development of high-speed, high-performance, and compact technologies for various communication products has boosted demands for different thin and build-up layer materials. In 2021, ITEQ Corporation successfully developed special laminate materials such as prepreg (PP) film and resin coated copper (RCC) with low Dk, low coefficient of thermal expansion, and high dimensional stability, which are suitable for advanced high-end packaging processes due to its high quality and reliability.

ITEQ Corporation continues to advance its core technologies and R&D capabilities in order to develop various high-end and key laminate materials for use in different fields, such as deep learning in artificial intelligence (AI), military/aerospace, 5G IoT, high-end semiconductor packaging processes, autonomous driving, and electric vehicles, working toward becoming a one-stop supplier of electronic materials. While developing new processes and new technologies, we also implement green factor practices to fulfill our corporate social responsibility.

II. Summary of 2021 Business Plan

(I) Business Policy

1. Focusing on our existing business of "High-end Electronic Materials" and extending the integration of high-density interconnection and carrier board technologies: The Corporation will strive to become a leading manufacturer of lead-free, halogen-free and other environmentally friendly materials, high-speed, high-frequency and low-loss materials, as well as high-density interconnection boards and carrier board materials, the product applications of which include 5G infrastructure, network communications, data center, automotive electronics, smartphones, consumer electronics and other related products, and continue to increase its market share in the high-end copper foil laminate market.

2. Quality as the basis for sustainable business development: The Corporation will strengthen and improve its quality control system of the supply chain, including raw material supplier management, constant improvement of in-plant process control, and quality and reliability monitoring of output, in order to comply with customers' incoming material regulations and standards, establish a comprehensive production and quality assurance system and capability, reduce quality complaints and cost of sales, improve product yield rate and management efficiency, strengthen the company's quality and increase profitability.

3. With the accelerated expansion of the global data sector and the rapid growth of IP

traffic, the demand for 5G communications and the Internet will continue to drive the demand for high-speed transmission and high-density interconnect products, and the rising demand for carrier boards and various end-use applications, the Corporation continues to invest in the development of high-speed and high-frequency materials, high-density interconnect boards, RF/microwave and carrier board materials for semiconductor applications, along with the expansion of production capacity to meet the huge demand for electronic materials through economies of scale.

(II) Important Production and Sales Policy

1. Enhance overall structure analysis of each key product market, to comprehend the changing trend of end markets, seize the market opportunities and adjust the corresponding strategy.

2. Targeting at niche market, continue to develop halogen-free materials, increase the overall market share of halogen-free materials and develop eco-friendly materials with excellent characteristics at a competitive price and promote application usage in various areas in the market.

3. Continue to strengthen the promotion of 5G infrastructure and networking related high-end products to obtain end-customers' certifications and put into mass production orders.

4. The new production capacity will actively expand and increase the market share of high-density interconnect materials and promote the newly developed high-density interconnect materials to meet the demand of next generation products.

5. The Corporation is committed to meeting customers' needs for low-loss and high-density interconnection materials for advanced driver assistance systems (ADAS) and high-voltage and heat-resistant materials for electric vehicle charging, as well as accelerating the certification of material-compatible products to meet the new demand for future automotive electronics.

III. Future Development Strategies of the Company

(I) Continuously focus on the development of 5G Infrastructure and networking equipment, such as high-speed/high-frequency, low dielectric constant halogen-free material, and aggressively expand the development of eco-friendly products applied for 5G infrastructure, data center and cloud equipment.

(II) Promote and expand the share of high-density interconnect materials to enter the new generation of high-density interconnect applications with high specifications.

(III) Expedite the completion of certification of ultra-low loss and high frequency laminate materials with respect to 5G mmWave and base station equipment applications product.

(IV) Actively promote niche products such as high-frequency material and digital material i.e., RF antenna in base station, car radar and autonomous car related products.

IV. Impact of External Competition, Legal Environment and Overall Business Environment

In February 2022, Russia launched military action against Ukraine, and the United States, Britain and other Western countries imposed economic sanctions on Russia. The Russia-Ukraine conflict is like a black swan, raiding the global market such as precious metals, energy and industrial supply chain, deepening the global inflationary pressure and increasing macroeconomic uncertainty. On the other hand with regards to 5G network communications, cloud data centers, servers in response to the increasing terminal demand driven from 5G Enhanced Mobile Broadband (eMBB), Massive Machine Type Communication (mMTC) and Ultra Reliable and Low Latency Communication (URLLC) to enable higher speed transmission, massive equipment cascading and low latency transmission coupled with automotive electronics upcycle, the penetration of high-frequency/-speed materials will continue on the rise. ITEQ will continue to benefit from its comprehensive and diversified product roadmap and excellent product quality.

Looking ahead to the future, the global economy is expected to recover as COVID-19 vaccination becomes more widespread and as the worldwide pandemic abates. Global data traffic has increased significantly, driving network operators and telecommunication service providers to upgrade their equipment to meet the needs of low latency, high reliability, and high-speed computing applications as well as stimulating a surge in the demand for high-speed and ultra low-loss high-end materials. While benefiting from these opportunities, the Company will also make the best use of its leading position to accelerate its operational development and planning.

In the wake of the increasingly intensified market competition and the ever-changing industrial structure, the Company will keep on devoting in R&D technologies advancement and patent expansion, innovation, and active talent retention in order to strengthen the market competitiveness. ITEQ Corp. appreciates each of your support, and will put all the effort to bring the most shareholders’ value to you

Best regards and wish you all safe and sound.

Chin-Tsai Chen Chairman of the Board

May 3, 2022

Chapter II. Company Profile

I. Date of Incorporation

The Company was initiated on February 13, 1997, approved to be established on April 10, 1997, and obtained the company license issued by the Ministry of Economic Affairs on April 23, 1997.

II. Company History

ITEQ was established at the 4F.-1, No. 26, Sec. 3, Ren'ai Rd., Taipei City. Led by the senior technical team formed by experts including Dr. Hai-Wei Wan and Dr. Chi-Tsu Kao, the Company invited Sunsino Venture Group, Pacific Tone Invest. Ltd. and other major shareholders to invest in the building of factories, and explore the domestic markets of multilayer printed circuit laminate and copper clad laminate. Key milestones of the Company are as follows:

1997:

· ITEQ was established with a registered capital of 220,000 (thousand NTD). Main products include multi-layer printed circuit board basal materials and copper foil laminate.
· Processed cash capital increase of NT$100,000,000 with the total capital increased to NT$320,000,000.
· Permitted to re-launch public offering in October of the same year.

1998:

· Official mass production and sales.
· Granted the aid for the Leading New Product Development Program from Industrial Development Bureau, Ministry of Economic Affairs
· Received BSI ISO-9002 verification.

1999:

· Processed cash capital increase of NT$130,000,000 with the total capital increased to NT$450,000,000.
· Granted the aid for the Industrial Technology Program from Industrial Development Bureau, Ministry of Economic Affairs
· Applied to Taiwan, Japan and the United States for patent review of "Used in the Synthesis of Epoxy Hardener".
· Completed the high Tg (180℃) product formulation and passed the UL94V certification for the Leading New Product Development Program.

2000:

- Received BSI QS-9000 verification.
- The overflow of the hot kerosene storage tank caused the electric wire to catch a fire, resulting in damage to some of the plant, machinery, equipment and raw materials; After nearly half a year of reconstruction, it was fully put into mass production in September of the same year, and its production capacity and revenue had surpassed the level before the fire.
- Purchased the land and buildings at Lot 331, Shanzai Ding Section, Taoyuan from Kingtel Electronics Co., Ltd. for post-disaster reconstruction and future operation expansion.
- Obtained UL certification for High Tg, Low DK and Green Laminate.

2001

- Processed cash capital increase of NT$174,500,000 with the total capital increased to NT$624,500,000.
- Processed Earning transfer into capital increase and capital surplus transfer into capital increase of NT$86,940,000 with the total capital increased to NT$711,440,000.
- Granted the aid for the Leading New Product Development Program from Industrial Development Bureau, Ministry of Economic Affairs to research and develop third-generation communication laminate film.
- Released the new-generation Laser Drillabe Prepreg and high frequency communication materials by stacking method.

2002:

- Processed cash capital increase of NT$100,000,000 with the total capital increased to NT$811,440,000.
- Signed a "shareholder agreement" with overseas investment and development company, etc., to jointly invest and set up "ITEQ (Dongguan) Corporation" in Guangdong Province, mainland China, to engage in the R&D, manufacturing, sales and related businesses of copper clad laminates, films and multi-layer printed circuit board (PCB) laminates.

2003:

- ITEQ (Dongguan) Corporation started mass production, with monthly turnover growing steadily.
- Processed Earning transfer into capital increase of NT$24,343,000 with the total capital increased to NT$835,783,000.
- Issued the first domestic secured corporate bonds in the amount of NT$100,000,000 to repay the bank loans.

- Issued the first domestic unsecured convertible corporate bonds in the amount of NT$200,000,000 to purchase machinery and equipment and repay the bank loans; and were fully converted into capital stock in January, 2004.
- Replaced the CPAs with CPA Yang, Ming-Che, Zhang, Jih-Yen of Deloitte & Touche.
- Invested and established ITEQ (Wuxi) Corporation through ITEQ TECHNOLOGY CO., LTD. to engage in the manufacturing and sales and related businesses of copper clad laminates, films and multilayer printed circuit board laminates.

2004:

- Processed cash capital increase of NT$100,000,000 to set up the R&D center, purchase machinery and equipment and repay the bank loans, with the total capital increased to NT$1,125,306,000.
- Issued the second domestic unsecured convertible corporate bonds in the amount of NT$500,000,000 to purchase machinery and equipment and repay the bank loans.
- Signed a 5-year NT$2 billion syndicated loan agreement with 14 banks including Taishin International Bank.
- The total capital was increased to NT$ 1,517,966,000.

2005:

- Established ITEQ (Huangjiang) Corporation in Huangjiang Town, Dongguan City with Global Brands Manufacture Ltd. (GBM) as a joint venture, to engage in OEM business of multilayer laminate boards, with a capital of US$6 million, of which ITEQ held 60% and GBM held 40%.
- Issued new shares to complete cash capital increase in the amount of NT$80,000,000 and issued the third domestic unsecured convertible corporate bonds of NT$200,000,000 to repay the bank loans and research and develop new products.
- Obtained ISO14001 and OHSAS18001 certification.
- Obtained Sony Green Partner certification.
- Gained the UN's RoHS quality verification of Hitachi Chemical, Unimicron Corporation, & Tripod Corporation
- Signed a 3-year NT $1.3 billion syndicated loan agreement with 13 banks including Taishin International Bank, to replace the NT $1.3 billion line of credit in item B of the previous NT $2 billion syndicated loan agreement.
- Processed Earning transfer into capital increase with the paid-up capital of NT$1,829,313,000.

2006:

- Established ITEQ (Guangzhou) Corporation, to engage in the manufacturing, processing, trading and other businesses of CCL & FPC semi-finished products and finished products, with an initial capital of US$3 million.

· Established the Heat Dissipation Materials Division and the Photovoltaic Films Division.
· Processed Earning transfer into capital increase with the paid-up capital increased to NT$2,213,351,000.
· Issued new shares to complete cash capital increase of NT$120,000,000 and issued the fourth domestic unsecured convertible corporate bonds in the amount of NT$100,000,000, to build ERP system, purchase RTO equipment and R&D equipment, and repay the bank loans, with the total capital increased to NT$2,334,410,000.
· Lead-free materials passed the certifications of Garmin, Alcatel, Siemens.
· Passed the certifications of Motorola, NOKIA, TOSHIBA, NEC and a number of other mobile phone manufacturers.
· Mitsubishi Halogen free usage verification
· SONY ~ PS3, PSP designated materials, Microsoft ~ X-Box designated materials.
· Consolidated revenue for 2006 reached NT$11 billion, up more than 54% from the previous year.

2007:

· Formally implemented the DigiwinSoft ERP system to improve the efficiency of order processing, shorten the financial settlement time and integrate the information from multiple locations on both sides of the Taiwan Strait to strengthen the integration and standardization of operations.
· ITEQ (Guangzhou) Corporation resolved to change into a flexible PCB and PCB manufacturer, and smoothly enter the field of flexible copper foil laminate (FCCL), paving the way for the trend of rigid-flex ones.
· Added the business item of Heat Dissipation Material Metal Sheet in Dongguan plant, Wuxi plant and ITEQ (Huangjiang) plant.
· Replaced the CPAs with CPA Yang, Ming-Che and Wu, Yi-Chun due to internal rotation in Deloitte & Touche.
· Obtained Taiwan patents for Integrated Optoelectronic Component-1 and Modified Clay Resin Material, and successively filed 10 cases (22) patent applications at home and abroad for optical products, IC packaging and halogen-free laminate materials, LED lighting modules, and algae inhibitors.
· Replaced the CPAs with CPA Wu, Yi-Chun and Wu,Mei-Hui due to internal rotation in Deloitte & Touche.
· The Company's three subsidiaries International Partners Ltd, Inspire Investments Limited and Shining Era Investments Limited, signed a three-year syndicated loan agreement with six banks, including Bank of Taiwan, for a total amount of US$30 million.

- Signed a distribution agreement with Laird, a well-known international manufacturer, to combine the strengths of both sides in heat dissipation materials and laminate manufacturing, providing customers with more diversified choices, and integrating international experience with local strengths, so as to meet customers' requirements for heat dissipation management.
- Processed surplus transfer into capital increase with the paid-up capital of NT$2,749,781,000.
- Consolidated revenue for 2007 reached NT$13.7 billion, up more than 24% from the previous year.

2008:

- The Company’s stock was listed on TWSE from OTC.
- Lead-free materials were certified by CISCO and IBM, and halogen-free materials were certified by Apple.
- Halogen-free materials were certified and used for Sony-Ericsson, Apple~I-phone products and many other brands.
- The chairman of the board of directors of ITEQ was changed from Mr. Wan, Hai-Wei to Mr. Tsai, Mou-Chen, and Mr. Wan, Hai-Wei remained as a director and was appointed by the Board of Directors as a senior advisor to the chairman.
- Issued the fifth domestic unsecured convertible corporate bonds in the amount of NT$300,000,000 to repay the bank loans and be used for long-term equity investment in ITEQ (Dongguan) Corporation.
- Consolidated revenue for 2008 reached NT$13.8 billion, up 0.75% from the previous year.

2009:

- Signed a NT$1.3 billion syndicated loan agreement with five banks, including Hua Nan Bank, to stabilize the Company's future medium- and long-term funding sources.
- Completed the re-election of the 5th Board of Directors and unanimously elected Director Tsai, Mou-Chen as the Chairman of the Board for another term.
- Replaced the CPAs with CPA Yang, Ming-Che and Wu, Yi-Chun due to internal rotation in Deloitte & Touche.
- Despite the global financial crisis, consolidated revenue for 2009 still reached NT$12.28 billion, a decline of 11% compared with the previous year.

2010:

- Signed a syndicated loan extension of US$30 million with six banks, including Bank of Taiwan for its offshore (OBU) [subsidiaries International Partners Ltd, Inspire Investments Limited, and Shining Era Investments Limited].

- Newly invested in the expansion projects of the Wuxi, Guangzhou and ITEQ (Huangjiang) plants in mainland China.
- Newly established ITEQ (Xiantao) Corporation, to engage in the manufacturing, processing and trading of semi-finished and finished products of CCL and flexible PCB, as well as the import and export trade of related products, with an initial capital of US$6 million.
- On December 10, the gas explosion caused by the temporary storage tank of acetone in the second plant in Pingzhen District, Taoyuan City, resulting in damage to part of the plant, machinery and equipment, raw materials and finished products, which affected about 4% of the Group's overall production capacity. It was affected limitedly under inter-group production and sales regulation and covered by fire insurance and business interruption insurance.
- Consolidated revenue for 2010 was nearly NT$ 20.00 billion, a significant increase of 62% over the previous year.

2011:

- Signed a NT$1.3 billion syndicated loan extension agreement with five banks, including Hua Nan Bank, to stabilize the Company's future medium- and long-term funding sources.
- Re-elected a director and a supervisor, and unanimously elected Gemtek Technology Co., Ltd. as a director and Mr. Lin, Chao-Yung as a supervisor.
- Processed earning transfer into capital increase with the paid-up capital increased to NT$3,028,774,000.
- Obtained 11 patents in Taiwan, China and the U.S. for Heat Dissipation Laminates and LED Heat Dissipation Laminates for Integrated Backlight Modules, and successively filed 8 patent applications at home and abroad for heat dissipation laminate products and laminate material improvement.
- Consolidated revenue for 2011 was NT$ 20.02 billion, up 0.4% from the same period last year.

2012:

- Completed the re-election of the 6th Board of Directors and unanimously elected Director Tsai, Mou-Chen as the Chairman of the Board for another term.
- Processed earning transfer into capital increase with the paid-up capital increased to NT$3,323,652,000.
- Replaced the CPAs with CPA Chen, Li-Chi and Huang, Jui-Chan due to internal rotation in Deloitte & Touche.
- Obtained 16 patents in Taiwan, China, and the U.S. for Halogen-free Resin Glue and Films Made Thereof and "A Thermosetting Resin Compound", and successively filed 12 patent

applications at home and aboard for ultra-low dielectric copper clad laminate products and laminate material improvement.

- Consolidated revenue for 2012 reached NT$ 19.32 billion.

2013:

- Entered into an 11-year lease agreement on January 9, 2011 with WIN Semiconductors Corp. to lease its plant and land in Xinpu Town, Hsinchu County, for the intended expansion of the Xinpu Plant.
- Signed a five-year syndicated credit granting agreement for a total amount of NT$2 billion on April 8 with five banks, including First Bank, to purchase machinery and equipment for the new plant and stabilize the Company's medium- and long-term funding sources.
- Obtained SA 8000 certification for Dongguan plant.
- Obtained 8 patents in Taiwan and China for Halogen-free Epoxy Resin Composition and Films and Laminates Made Thereof and Epoxy Resin Composition and Films and Laminates Made Thereof, and successively filed 9 patent applications in Taiwan and aboard for electromagnetic wave shielding film, resin and filler powder and other raw material improvement.
- Consolidated revenue for 2013 reached NT$ 19.73 billion.

2014:

- The Xinpu plant was opened at the end of August and obtained ISO 14001, OHSAS 18001 certification and ISO TS16949 compliance certification.
- Obtained 15 patents in Taiwan, China and the U.S. for Prepreg Composition and Films and Laminates Made Thereof and Electromagnetic Interference Shielding Films, and successively filed 7 domestic and foreign patent applications for electromagnetic wave shielding films and manufacturing equipment improvement.
- Consolidated revenue for 2014 reached NT$ 20.15 billion.

2015:

- Completed the re-election of the 7th Board of Directors and unanimously elected Director Tsai, Mou-Chen as the Chairman of the Board for another term.
- Replaced the CPAs with CPA Huang, Jui-Chan and Weng, Po-Jen due to internal rotation in Deloitte & Touche.
- The Xinpu plant officially obtained ISO TS16949 certification.
- Granted the aid for the A+ Enterprise Innovation and R&D Hardening Program-Forward-Looking Technology R&D Program under the Technology Research and Development Program from the Ministry of Economic Affairs (MOEA), to develop Low Dielectric and High Thermal Conductivity Laminate Materials for the grant period from 2015 to 2018.

- Obtained 6 patents in Taiwan, China and the United States, including Polyimide Resin Containing Maleic Anhydride and Its Manufacturing Method and Epoxy Resin Composition and Films and Laminates Made Thereof, and successively filed 6 domestic and foreign patent applications for ultra-low dielectric copper clad laminate products and laminate material improvement.
- Halogen-free materials were adopted by major domestic manufacturers with a stable demand.
- The materials used in a number of new generation servers were under certification by multiple board factories on both sides of the Taiwan Strait.
- Consolidated revenue for 2015 reached NT$ 19.08 billion.

2016:

- Obtained seven patents in China and the United States, including A Low Dielectric Material (CIP) and A Device to Improve the Impregnation of Semi-cured Sheets, and successively filed seven domestic and foreign patent applications, including Halogen-free Epoxy Resin Composition with Low Dielectric Loss and Heat Dissipation Laminate with Modified Inorganic Filler.
- Consolidated revenue for 2016 reached NT$ 19.68 billion.

2017:

- Obtained 8 patents in Taiwan, the U.S. and China, including An Electromagnetic Interference Shielding Film and Polyimide Resin Containing Maleic Anhydride and Its Manufacturing Method, and successively filed 11 domestic and foreign patent applications, including Resin Composition, Films, and Copper clad laminates and Laminate Reinforcement Structure.
- Consolidated revenue for 2017 reached NT$ 21.21 billion.

2018:

- Newly established ITEQ (Jiangxi) Corporation, to engage in the manufacturing, processing and trading of semi-finished and finished products of copper clad laminates and films, as well as the import and export trade of related products, with a registered capital of US$20.8 million, and the registration was completed on May 17.
- Completed the re-election of the 8th Board of Directors and unanimously elected Director Tsai, Mou-Chen as the Chairman of the Board for another term.
- Obtained 8 patents in Taiwan, the U.S. and China, including An Electromagnetic Interference Shielding Film and Polyimide Resin Containing Maleic Anhydride and Its Manufacturing Method, and successively filed 11 domestic and foreign patent applications, including Resin Composition, Films, and Copper clad laminates and Laminate

Reinforcement Structure.

- The fire arising from the leakage of heat medium oil caused by the failure of the heat medium pump in the heat exchanger with damaged seals on June 8 in the second plant in Wuxi, caused damage to part of the plant, machinery and equipment, raw materials and finished products. It was affected limitedly under inter-group production and sales regulation and covered by fire insurance and business interruption insurance.
- Both Wuxi and Dongguan plants were recognized as high-tech enterprises by the local government in November and were included in the list of high-tech enterprises, so the income tax rate of 15% was applied from 2018 to 2020.
- Consolidated revenue for 2018 reached NT$ 22.402 billion.

2019:

- Replaced the CPAs with CPA Yang, Cheng-Hsiu and Weng, Po-Jen due to internal rotation in Deloitte & Touche.
- Chairman Tsai, Mou-Chen resigned from Chairman of the Board due to personal health reasons, and Director Chin-Tsai Chen was elected as Chairman by unanimous approval of all the Directors.
- Obtained 15 patents in Taiwan and China for Halogen-free Epoxy Resin Compositions, Laminates and Printed Circuit Boards and Resin Compositions, Films, and Copper clad laminates, and successively filed 25 domestic and foreign patent applications for Prepreg, Laminates and Printed Circuit Boards and Multi-layer Structures and Methods of Manufacturing Laminates.
- The Jiangxi plant was opened in October, and obtained GBT19001-2016/ISO 9002:2015 certification in January, 2020.
- Consolidated revenue for 2019 reached NT$23.8 billion, up 6.2% from last year.
- 30,000,000 shares of new shares was approved by the resolution of the Board of Directors on December 20 to be issued for cash increase. This had been authorized and was effective per Official Letter No. 1080342357 from the Financial Supervisory Commission (FSC) on January 16, 2020.

2020:

- On March 31, The Company completed the issuance of 30,000,000 shares for cash capital increase and received a full payment of NT$3.3 billion.
- Signed an agreement of establishing a joint venture with Mitsubishi Gas Chemical on October 23 on IC substrate laminated materials for semiconductor applications.
- The Xinpu plant received ISO 50001 Energy Management System certification in November.

- Obtained 16 patents in Taiwan, China and the U.S. for Halogen-free and High Heat-resistant Resin Composition for Laminates and Laminates and Printed Circuit Boards, and successively filed 18 domestic and foreign patent applications for Resin Composition, Prepreg and Printed Circuit Boards and Halogen-free Resin Composition, Laminates and Printed Circuit Boards with Low Expansion Coefficient and Low Dielectric Loss and High Rigidity.
- Consolidated revenue for 2020 reached NT$25.4 billion, up 6.9% from the previous year.

2021:

- A fire accident broke out on the night of April 13 in the front end of first floor at Xinpu plant caused by static electricity in the production process, resulted in damage to part of the plant, machinery & equipment, raw materials and finished products. The production capacity loss during suspended period was shifted to the inter-group production sites. Given the plant has sufficient insurance coverage (including fire and business interruption insurance), the financial and operational impact is rather limited.
- Completed the re-election of the 9th Board of Directors and unanimously elected Director Chen, Chin-Tsai as the Chairman of the Board for another term.
- On September 2, The Company completed the issuance of 50,000,000 shares for cash capital increase and received a full payment of NT$6.5 billion.
- Obtained 19 patents in Taiwan, China and the U.S. including "Halogen-free low dielectric epoxy resin composition, laminates and printed circuit boards" and "Thermal conductive resin, resin composition, prepreg and copper foil laminate".
- Consolidated revenue for 2021 reached NT$32.5 billion, up 27.9% from the previous year.

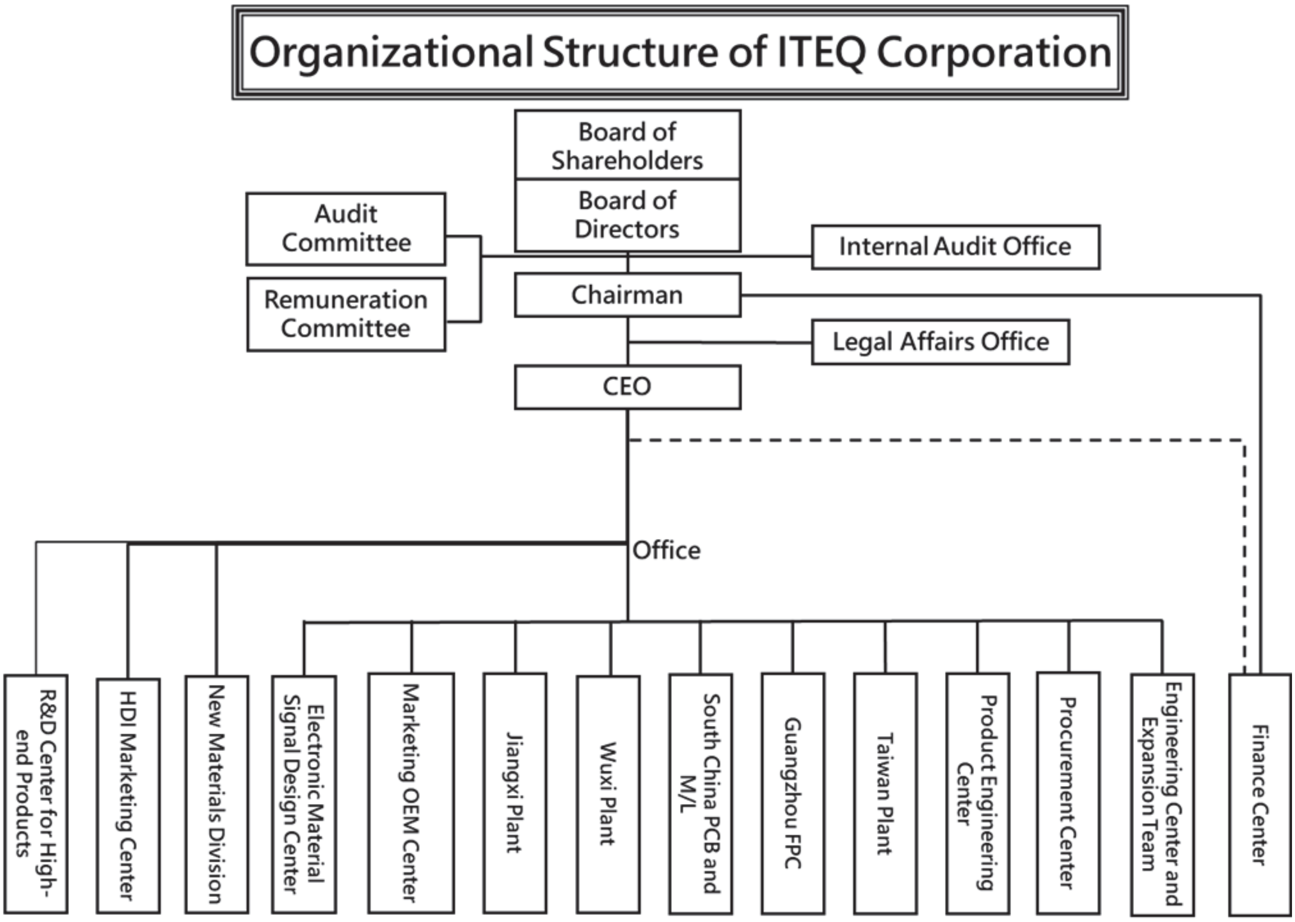
2022:

- Celebrated the 25th anniversary of the founding of the Corporation by hosting a cross-plant fair at the Xinpu plant in Taiwan.
- MGC-ITEQ Technology Co., Ltd. was established as a joint venture with Mitsubishi Gas Chemical Corporation to develop laminate materials for semiconductor packaging laminates.

Chapter III. Corporate Governance Report

I. Organizational System

(I) Organizational Structure



(II) Department Functions

Department	Main Duties
Internal Audit Office	Audit and evaluate the operation of each department and the implementation, proposal and improvement of internal control.
Legal Affairs Office	Comprehensive management of the legal and intellectual property matters in the group.
Finance Center	Comprehensive management of the finance, taxation, accounting, stock affairs, capital management and control in the group.
Procurement Center	Purchase, import & export bonded business of raw materials and production equipment.
Each operation center	Responsible for domestic and overseas sales, material management, product engineering, customer service, quality assurance, equipment, etc.
Marketing OEM Center	Service of global market customers, promotion of OEM/ODM technologies and advanced materials. Marketing and customer development, delivery time confirmation and customer management.
Electronic Material Signal Design Center	Analysis of integrated circuit and material trend correlation, collection of electrical performance of self-owned and competitive materials, and assistance in electrical simulation and testing for customers.
New Materials Division	New product feature/specification formulation, promotion and pricing strategy, product development and mass production timing/cost/quality coordination; project-based product technology transfer/cooperation case management.
HDI Marketing Center	Global HDI market strategy development, product promotion, pricing strategy and end-customer development.
R&D Center for High-end Products	Development and research of copper foil laminate (including FCCL), evaluation of new raw materials and formulation of SOP, application and implementation of project planning.

II. Information of Board of Directors, General Manager, Deputy General Manager, Senior Manager, and Managers of Departments and Branches

(I) Director

1. Members of the Board of Director

Unit: Share, %; April 16, 2022

Title	Nationality or registration place	Name	Gender Age	Date elected (appointed)	Term	Date first election	Upon election number of shares held		Number of shares currently held		Shares held by spouse and underage children		Shares held in the name of other persons		Education and work experience	Titles currently held at the Company and other companies	Executives, Directors or Supervisors Who are Spouses or Within the Second Degree of Kinship			Remark
							Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Title	Name	Relationship	
Chairman	R.O.C.	Chin-Tsai Chen	Male Over 70	2021.07.02	3 years	2012.06.06	1,354,419	0.41	4,411,132	1.15	—	—	—	—	Master of Public Administration, University of San Francisco, USA M.S. in Accounting, TKU	(Note 1)	—	—	—	—
Director	R.O.C.	Hsin-Hui Tsai	Female 50~59	2021.07.02	3 years	2015.06.18	505,600	0.15	713,386	0.19	117,614	0.03	—	—	EMBA, NTU Finance B.S. in Finance and Taxation, NCCU Director of Accounting Office, Director of Secretariat of the Board, EnTie Commercial Bank	(Note 2)	—	—	—	—
Director	R.O.C.	WIN Semiconductors Corp.	N/A	2021.07.02	3 years	2021.07.02	33,538,011	10.07	65,408,733	17.08	–	–	14,233,496	3.72	N/A	Director of the Board, Grand Fortune Venture Capital Co., Ltd.	—	—	—	—
	R.O.C.	Representative: Ching-Chou Tseng (Note 3)	Male 50-59			2021.07.02	–	–	–	–	–	–	–	–	M.B.A., City University of New York, Berkshire College, USA Business Manager, Canadian Imperial Bank of Commerce (Vancouver)	Financial Assistant and Spokesperson, WIN Semiconductors Corp.	—	—	—	—
Director	R.O.C.	Fu-Cun Development Co., Ltd.	N/A	2021.07.02	3 years	2007.06.15	29,915,038	8.98	33,168,897	8.66	—	—	—	—	N/A	None	—	—	—	—
	R.O.C.	Representative: Shih-Fang Cheng	Female 50~59			2007.06.15	232	–	259	–	—	—	—	—	University of Wisconsin-Madison, Master of Business Administration Deputy General Manager, Mag.Layers Scientific-Technics Co., Ltd. Executive Assistant to the Chairman, ITEQ Corporation Senior Manager, CDIB & Partners Investment Holding Corporation	None	—	—	—	—

Title	Nationality or registration place	Name	Gender Age	Date elected (appointed)	Term	Date first election	Upon election number of shares held		Number of shares currently held		Shares held by spouse and underage children		Shares held in the name of other persons		Education and work experience	Titles currently held at the Company and other companies	Executives, Directors or Supervisors Who are Spouses or Within the Second Degree of Kinship			Remark
							Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Title	Name	Relationship	
Director	R.O.C.	Fu-Cun Development Co., Ltd.	N/A	2021.07.02	3 years	2007.06.15	29,915,038	8.98	33,168,897	8.66	—	—	—	—	N/A	None	—	—	—	—
	R.O.C.	Representative: Jin-Yuan Wang	Male 60-69			2020.07.28	—	—	1,316	—	—	—	—	—	Master of Electrical Engineering, NTU Section Chief of Network Division & Director of Telecommunication Value-added Division of Data Communications Business Group, Chunghwa Telecom Co., Ltd.	None	—	—	—	—
Independent Director	R.O.C.	Yang, Zhao-Rong (Note 3)	Male 60-69	2021.07.02	3 years	2021.07.02	—	—	—	—	—	—	—	—	Master and bachelor in Accounting, National Chengchi University Chairman, Hua Nan Securities Co., Ltd. Deputy General Manager & Listing Scrutiny Member & Convener of Surveillance Operation Oversight Committee, Taiwan Stock Exchange Corporation General Secretary, OTC	Independent Director, Jing-Jan Retail Business Co., Ltd. Independent Director, Tigerair Taiwan Co., Ltd. Director, Securities Analysts Association, Chinese Taipei	—	—	—	—
Independent Director	R.O.C.	Po-Chiao Chou	Male Over 70	2021.07.02	3 years	2018.06.15	2,158	—	2,417	—	—	—	—	—	Bachelor, Department of Accounting, National Cheng Kung University Passed the Civil Service Special Examination of Auditing Officers Managing Director and General Manager, First Bank Director and Deputy General Manager, First Financial Holding Chairman, First Commercial Bank USA Chairman, First Venture Capital Vice Chairman, IBF Financial Holding Director, Taipei Financial Center, Corp.	Independent Director, Chairman and member of the Remuneration Committee, Clevo Co.	—	—	—	—

Title	Nationality or registration place	Name	Gender Age	Date elected (appointed)	Term	Date first election	Upon election number of shares held		Number of shares currently held		Shares held by spouse and underage children		Shares held in the name of other persons		Education and work experience	Titles currently held at the Company and other companies	Executives, Directors or Supervisors Who are Spouses or Within the Second Degree of Kinship			Remark
							Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Title	Name	Relationship	
Independent Director	R.O.C.	Xiu-Zong Liang	Male 60-69	2021.07.02	3 years	2009.06.16	—	—	—	—	—	—	—	—	Masters in IT, CYCU Manager, Acer Inc. Electronic & Optoelectronic System Research Laboratories, ITRI	Chairman and CEO, Stark Technology Inc. Director of S-Rain Investment Ltd. Principal of Stark Technology Inc. (USA) Director of Stark Information (HK) Co., Ltd. Director, National Information Infrastructure Enterprise Promotion Association	—	—	—	—
Independent Director	R.O.C.	Hui-Fen Chan	Female 50~59	2021.07.02	3 years	2009.06.16	216	–	216	—	—	—	—	—	LLM, Boston University, USA Bachelor in Law, NTU Partner Attorney at Law, hl-partners, Attorneys-at-Law Attorney, Lee and Li, Attorneys-at-Law Head of Legal Affairs, Siliconware Precision Industries Co., Ltd. Attorney in Taiwan and the State of New York Chief Legal Officer of Altek Corporation	Independent Director and Committee Member of Audit Committee, ChipMOS Techologies Inc. Independent Director, Member of Remuneration Committee and Auditing Committee, Stark Technology Inc. Independent Director, Formosa I Wind Power Co., Ltd Legal Representative Director, TAKU Co., Ltd. Taiwan Branch (Cayman Islands)	—	—	—	—

Note 1: Chairman of Dongguan ITEQ Electronic Technology Co., Ltd., ITEQ (Wuxi) Electronic Technology Co., Ltd., Guangzhou ITEQ Electronic Technology Co., Ltd., Maocheng Electronic Technology (Dongguan) Co., Ltd., Jiangxi ITEQ Electronic Technology Co., Ltd., and Bangmao Investment Co., Ltd. 100% re-invested by ITEQ Corporation, Chairman and President of Win Semiconductors Corp., Vice Chairman of Hiwin Technologies Corporation, Independent Director of Kinsus Interconnect Technology Corp., Independent Director of Tong Hsing Electronic Industries, Ltd., Independent Director of Inventec Besta Co., Ltd., corporate director representative of Taipei Financial Center Corp., corporate director representative of Mercuries Life Insurance Co., Ltd., and representative, Director of Taiwan New Economy Foundation, Supervisor of Excellence Sporting Goods Co., Ltd., Supervisor of Comax Sporting Goods Co., Ltd., Chairman or director of Win Semiconductors Corp. or its affiliates.

Note 2: Director and legal representative of Dongguan ITEQ Electronic Technology Co., Ltd., director and legal representative of Guangzhou ITEQ Electronic Technology Co., Ltd., director and legal representative of ITEQ (Wuxi) Electronic Technology Co., Ltd., director and legal representative of Maocheng Electronic Technology (Dongguan) Co., Ltd., and director and legal representative of Jiangxi ITEQ Electronic Technology Co., Ltd. 100% re-invested by ITEQ Corporation.

Note 3: The directors of the Company were fully re-elected at the Annual Shareholders' Meeting on July 2, 2021.

(1) WIN Semiconductors Corp. was elected and the designated representative is Mr. Ching-Chou Tseng.

(2) Mr. Chao-Rong Yang was elected as an independent director.

2. Major Shareholders of the Corporate Shareholders

April 16, 2022

Name of Institutional Shareholder	Major Shareholders	Shareholding ratio
WIN Semiconductors Corp. (Note)	Cathay Life Insurance Co., Ltd	5.05%
	Investment account of AVAGO Technologies International Sales Pte. Limited under the custody of CTBC Bank	4.72%
	Tian He Int'l Enterprise Co., Ltd.	4.22%
	Chin-Tsai Chen	3.01%
	Kuo-Yi Yeh	1.90%
	Trust property account of Employee Stock Ownership Association of WIN Semiconductors Corp. under the custody of CTBC Bank	1.88%
	Investment account of UBS Europe SE Investment Account under the custody of Citibank Taiwan Limited	1.87%
	Li-Chuan Yeh	1.81%
	Li-Cheng Yeh	1.81%
	Nan Shan Life Insurance Company, Ltd.	1.71%
Fu-Cun Development Co., Ltd.	Yu-Wei Tsai	0.50%
	Mao-Chen Tsai	0.50%
	Yu-Ming Tsai	0.50%
	Li-Hua Chu	0.50%
	Tian Teng Industry Co., Ltd.	40.00%

Notes: The closing date for the top 10 shareholders of WIN Semiconductors Corp. is April 19, 2022.

3. Substantial Shareholders of Corporate Shareholders whose Substantial Shareholders are Judicial Persons:

Name of Institutional Shareholder	Major Shareholders	Shareholding ratio
Cathay Life Insurance Co., Ltd	Cathay Financial Holding Co. Ltd.	100.00%

Notes: The closing date for the top 10 shareholders of Cathay Financial Holding Co. Ltd. is April 13, 2022.

April 16, 2022

Name of Institutional Shareholder	Major Shareholders	Shareholding ratio
Tien He Hsing Yeh Co., Ltd.	Shun-Ping Chen	18.11%
	Shun-Ting Chen	18.11%
	Anglia Co., Ltd. (BVI)	63.52%
	Yu-Wen Chen	0.11%
	Ssu-Kai Chen	0.05%

Name of Institutional Shareholder	Major Shareholders	Shareholding ratio
	Chih-Ching Lin	0.05%
	Shu-Chi Lin	0.05%

Name of Institutional Shareholder	Major Shareholders	Shareholding ratio
Nan Shan Life Insurance Company, Ltd.	Ruen Chen Investment Holding	89.55%
	Ruen Hua Dyeing & Weaving Co., Ltd.	1.34%
	Ying-Tsung Tu	1.16%
	Ruen Hua Hsing Co., Ltd.	0.97%
	Ruentex Development Co. Ltd.	0.23%
	Ruentex Industries Ltd.	0.21%
	Yuan Xin Investment Co., Ltd.	0.16%
	Ruentex Leasing Co., Ltd.	0.13%
	Ji Pin Investment Co., Ltd.	0.11%
	Pan City Co., Ltd.	0.09%

Notes: The closing date for the top 10 shareholders of Nan Shan Life Insurance Co., Ltd. is April, 2022.

April 16, 2022

Name of Institutional Shareholder	Major Shareholders	Shareholding ratio
Tian Teng Industry Co., Ltd.	Yong Zhen Investment Industrial Co., Ltd.	19.00%

4. Information on the expertise and independence of Directors

Conditions / Name	Professional qualifications and experience (Note 1)	Independence Circumstances (Note 2)	Number of other public companies where the individual concurrently serves as an Independent Director
Chairman Chin-Tsai Chen	· More than 20 years of working experience in corporate business, with financial expertise and familiarity with relevant laws and regulations, high level of professional governance and business management skills. Awarded an honorary doctorate from Tamkang University in 2021.Awarded an honorary doctorate from Tamkang University in 2021. · Served as a director and general manager of Namchow Holdings Co., Ltd. and as a director and supervisor of various companies. · Currently, he is the Chairman of the Board of Directors of the Company, the Chairman and President of WIN Semiconductors Corp. and the Vice Chairman of HIWIN Technologies Corp · None of the circumstances in the subparagraphs of Article 30 of the Company Act apply.	N/A	3
Director Hsin-Hui Tsai	· More than 20 years of working experience in corporate business, with financial expertise and familiarity with relevant laws and regulations, high level of professional governance and business management skills. · Former Director of Accounting Office, Director of Secretariat of the Board, EnTie Commercial Bank. · Current CEO and General Manager of the Company. · None of the circumstances in the subparagraphs of Article 30 of the Company Act apply.	N/A	0
Director WIN Semiconductors Corp. Representative: Ching-Chou Tseng	· More than 20 years of working experience in finance, investment and management. · Served as the business manager of Canadian Imperial Bank of Commerce (Vancouver). He joined WIN Semiconductors Corp. in 2000 as the financial controller and is currently the financial coordinator and spokesperson of WIN Semiconductors Corp. · None of the circumstances in the subparagraphs of Article 30 of the Company Act apply.	N/A	0

Conditions / Name	Professional qualifications and experience (Note 1)	Independence Circumstances (Note 2)	Number of other public companies where the individual concurrently serves as an Independent Director
Director Fu-Cun Development Co., Ltd. Representative: Shih-Fang Cheng	· More than 20 years of working experience in finance and management. · He was formerly the Vice President of MAG. LAYERS Scientific-Technics Co., Ltd. and the Senior Manager of CDIB Partners Investment Holding Corp., with extensive experience in management. · None of the circumstances in the subparagraphs of Article 30 of the Company Act apply.	N/A	0
Director (Note 2) Fu-Cun Development Co., Ltd. Representative: Jin-Yuan Wang	· More than 20 years of working experience in corporate business with expertise in information, network and management. · He was the Director of Chunghwa Telecom and has extensive experience in business management. · None of the circumstances in the subparagraphs of Article 30 of the Company Act apply.	N/A	0
Independent Director Zhao-Rong Yang	· Graduated from an accounting school. · Current Convener Of Remuneration Committee of the Company. · More than 20 years of experience in corporate business and has served as Chairman of Hua Nan Securities, Vice President of Taiwan Stock Exchange, Listing Review Committee Member, Convenor of Supervisory Board Meeting, and General Secretary of Taipei Exchange, etc. He has extensive experience in corporate management, corporate governance and market compliance. · Independent Director, Tigerair Taiwan Co., Ltd. & Jing-Jan Retail Business Co., Ltd.. · None of the circumstances in the subparagraphs of Article 30 of the Company Act apply.	· An independent director or his/her spouse or second degree of kinship does not serve as a director, supervisor or employee of the Company or any other related company, and does not serve as a director, supervisor or employee of a company with which the Company has a specific relationship. · The independent directors, his or her spouse, and second degree of kinship, etc., do not hold shares in the Company. · In the past two years, there were no situations in which the Company or other related companies received remuneration for providing business, legal, financial, or accounting services.	2

Conditions / Name	Professional qualifications and experience (Note 1)	Independence Circumstances (Note 2)	Number of other public companies where the individual concurrently serves as an Independent Director
Independent Director Po-Chiao Chou	· Graduated from an accounting school. · Current Convener of Audit Committee of the Company. · More than 20 years of experience in corporate business and has served as Managing Director and General Manager of First Commercial Bank, Director and Vice President of First Financial Holding Co Ltd., etc. He has extensive experience in finance and financial related matters. · Current Independent Director, CLEVO Co.. · None of the circumstances in the subparagraphs of Article 30 of the Company Act apply.	· An independent director or his/her spouse or second degree of kinship does not serve as a director, supervisor or employee of the Company or any other related company, and does not serve as a director, supervisor or employee of a company with which the Company has a specific relationship. · In the past two years, there were no situations in which the Company or other related companies received remuneration for providing business, legal, financial, or accounting services.	1
Independent Director Xiu-Zong Liang	· More than 20 years of working experience in corporate business with expertise in information, network and management. · Currently, he is the Chairman and CEO of Stark Technology Inc. and a director of the National Information Infrastructure Enterprise Promotion Association. He has extensive experience in information, network and management. · None of the circumstances in the subparagraphs of Article 30 of the Company Act apply.	· An independent director or his/her spouse or second degree of kinship does not serve as a director, supervisor or employee of the Company or any other related company, and does not serve as a director, supervisor or employee of a company with which the Company has a specific relationship. · The independent directors and his or her spouse do not hold shares in the Company. · In the past two years, there were no situations in which the Company or other related companies received remuneration for providing business, legal, financial, or accounting services.	0

Name \ Conditions	Professional qualifications and experience (Note 1)	Independence Circumstances (Note 2)	Number of other public companies where the individual concurrently serves as an Independent Director
Independent director Hui-Fen Chan	· Qualified as an attorney. · More than 20 years of working experience in corporate business with professional qualifications in law and management. · Currently, he is an independent director of (ChipMOS Technology Inc., Dunyang Technology (Co., Ltd.) and Stark Technology Inc. and a director of the legal representative of Kino Co., Ltd. · None of the circumstances in the subparagraphs of Article 30 of the Company Act apply.	· An independent director or his/her spouse or second degree of kinship does not serve as a director, supervisor or employee of the Company or any other related company, and does not serve as a director, supervisor or employee of a company with which the Company has a specific relationship. · The independent directors and second degree of kinship do not hold shares in the Company. · In the past two years, there were no situations in which the Company or other related companies received remuneration for providing business, legal, financial, or accounting services.	2

Note 1: Professional qualifications and experience： The professional qualifications and experience of individual directors and supervisors shall be described, and if they are members of the audit committee and have accounting or financial expertise, their accounting or financial background and work experience shall be described, and whether they are not covered by the provisions of Article 30 of the Company Act.

Note 2: Independent directors should state the circumstances that qualify them to be independent, including but not limited to whether they are directors, supervisors or employees of the Company or its affiliates. The number and proportion of shares of the Company held by himself/herself, his/her spouse, and relatives within the second degree of consanguinity (or in the name of others); whether he/she is a director, supervisor, or employee of a company with a specific relationship with the Company (refer to Article 3, Paragraph 1, Sub-paragraphs 5~8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies); and the amount of remuneration received for the provision of commercial, legal, financial, and accounting services by the Company or its affiliates in the last two years. The amount of remuneration received for the provision of business, legal, financial and accounting services by the Company or its affiliates in the last two years.

(II) General Manager, Vice Presidents, Senior Managers, and Managers of Departments and Branches

Unit: Share, %; April 16, 2022

Title	Nationality	Name	Gender	Date first elected or assumed office	Number of shares held: Number of shares	Number of shares held: Shareholding ratio	Shares held by spouse and underage children: Number of shares	Shares held by spouse and underage children: Shareholding ratio	Shares held in the name of other persons: Number of shares	Shares held in the name of other persons: Shareholding ratio	Education and work experience	Positions currently held in other companies	Managers who have spousal or second-degree family relationships within the Company: Title	Managers who have spousal or second-degree family relationships within the Company: Name	Managers who have spousal or second-degree family relationships within the Company: Relationship	Remark
CEO and General Manager	R.O.C.	Hsin-Hui Tsai	Female 50-59	2015.07.01	713,386	0.19	117,614	0.03	—	—	Bachelor, Department of Finance and Taxation, National Chengchi University Master of Finance, EMBA, National Taiwan University Director of Accounting Office of EnTie Commercial Bank Director of Secretarial Office of the Board of Director	(Note 1)	-	-	-	-
Wuxi Plant and Jiangxi Plant General Manager	R.O.C.	Wei-Kuang Chu	Male 60-69	2014.01.06	203,485	0.05	—	—	—	—	Industrial Management in National Cheng Kung University Deputy General Manager, Guangzhou Hongren Electronics Commissioner, Nan Ya Plastics	-	-	-	-	-
Dongguan Plant General Manager	R.O.C. and the USA	Chien-Lung He	Male 60-69	2017.09.13	118,000	0.03	—	—	—	—	University of Utah, Electrical Engineering, Bachelor Degree. University of Portland, Electrical Engineering, Master of Science General Manager, Taiwan Union Technology Corporation Zhongshan Plant General Manager of Systex Technology Suzhou Plant/Dongguan Plant/Chongqing Plant Deputy General Manager of Compeq Manufacturing Company Limited Huizhou Plant General Manager of Vero Veria Group Guangzhou Plant	-	-	-	-	-
General Manager of Guangzhou FPC Plant	R.O.C.	Cheng-Hsin Chen (Note 2)	Male 50-59	2014.01.06	65,000	0.02	—	—	—	—	Department of Chemical Engineering, Chung Yuan Christian University VP, Allstar Tech Co.,Ltd. Assistant Manager, Guangzhou Hongren Electronics Commissioner, Nan Ya Plastics	-	-	-	-	-
Deputy General Manager, Marketing OEM Center of the Group	R.O.C.	I-Liang Lin (Note 3)	Male 40-49	2021.03.23	—	—	—	—	—	—	Department of Chemical Engineering, National Cheng Kung University VP, Marketing, Taiwan Union Technology Corporation	-	-	-	-	-
Head of Manufacturing Division, Xinpu Plant	R.O.C.	Po-Kung Wang (Note 4)	Male 40-49	2021.03.23	400	—	—	—	—	—	Intelligence processing, Nihon Kogakuin Business Associate, Guangzhou Hongren Electronics	-	-	-	-	-
Accounting Supervisor and Corporate Governance Supervisor	R.O.C.	Jung-Tsan Chou (Note 5)	Male 50-59	2015.03.19	177,428	0.05	—	—	—	—	Bachelor in Accounting, Chung Yuan Christian University Head of Finance Division, Coretronic Corporation	-	-	-	-	-

<table>
<tr><th rowspan="2">Title</th><th rowspan="2">Nationality</th><th rowspan="2">Name</th><th rowspan="2">Gender</th><th rowspan="2">Date first elected or assumed office</th><th colspan="2">Number of shares held</th><th colspan="2">Shares held by spouse and underage children</th><th colspan="2">Shares held in the name of other persons</th><th rowspan="2">Education and work experience</th><th rowspan="2">Positions currently held in other companies</th><th colspan="3">Managers who have spousal or second-degree family relationships within the Company</th><th rowspan="2">Remark</th></tr>
<tr><th>Number of shares</th><th>Shareholding ratio</th><th>Number of shares</th><th>Shareholding ratio</th><th>Number of shares</th><th>Shareholding ratio</th><th>Title</th><th>Name</th><th>Relationship</th></tr>
<tr><td>Accounting Supervisor and Corporate Governance Supervisor</td><td>R. O. C.</td><td>Jun-Ren Huang (Note 6)</td><td>Male 40-49</td><td>2022.03.16</td><td>—</td><td>—</td><td>—</td><td>—</td><td>—</td><td>—</td><td>Bachelor in Accounting, NTU
MBA, National Chung Cheng University
Director of Accounting Division, E Ink Holdings Incorporated
Supervisor, Cost Management Department, Taiwan Semiconductor Manufacturing Co., Ltd.</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td></tr>
</table>

Note 1: Director and legal representative of Dongguan ITEQ Electronic Technology Co., Ltd., director and legal representative of Guangzhou ITEQ Electronic Technology Co., Ltd., director and legal representative of ITEQ (Wuxi) Electronic Technology Co., Ltd., director and legal representative of Maocheng Electronic Technology (Dongguan) Co., Ltd., and director and legal representative of Jiangxi ITEQ Electronic Technology Co., Ltd. 100% re-invested by ITEQ Corporation.

Note 2: Cheng-Hsin Chen, Vice General Manager of Guangzhou Plant, was promoted to General Manager of Guangzhou FPC Plant on July 27, 2021.

Note 3: I-Liang Lin, Deputy General Manager, Marketing OEM Center of the Group was newly appointed on March 23, 2021, the equity changes shall be calculated beginning from that date.

Note 4: Po-Kung Wang, Head of Manufacturing Division, Xinpu Plant were newly appointed on March 23, 2021 and reisnged on June 2, 2021 the equity changes shall be calculated for that period of employment

Note 5: Jung-Tsan Chou, Senior Director of Finance Department, changed his position on March 16, 2022, the equity changes shall be calculated beginning from that date.

Note 6: Chun-Jen Huang, Director of Finance Department was newly elected on March 16, 2022. The equity changes are calculated beginning from that date.

(III) Remuneration paid to Directors, General Manager and Vice Presidents in the Most Recent Year

1. Remunerations paid to ordinary directors and independent directors

Unit: NT$1,000/thousand shares

<table>
<tr><th rowspan="4">Title</th><th rowspan="4">Name</th><th colspan="8">Directors' remuneration (Note 1)</th><th colspan="2" rowspan="2">Ratio of total remunerations including A, B, C, and D to net income after tax (%) (Note 4)</th><th colspan="8">Compensations paid to concurrent employees</th><th colspan="2" rowspan="2">Ratio of total remunerations including A, B, C, D, E, F, and G to net income after tax (%) (Note 4)</th><th rowspan="4">Whether or not to have received remunerations from an invested company other than the Company's subsidiary or parent company</th></tr>
<tr><th colspan="2">Remuneration (A)</th><th colspan="2">Severance pay (B) (Note 2)</th><th colspan="2">Remuneration for directors (C) (Note 3)</th><th colspan="2">Business execution Expenses (D)</th><th colspan="2">Salaries, bonuses and allowances (E)</th><th colspan="2">Retirement Allowance (F) (Note 2)</th><th colspan="4">Employee Remuneration (G) (Note 3)</th></tr>
<tr><th rowspan="2">The Company</th><th rowspan="2">All companies listed in the financial report</th><th rowspan="2">The Company</th><th rowspan="2">All companies listed in the financial report</th><th rowspan="2">The Company</th><th rowspan="2">All companies listed in the financial report</th><th rowspan="2">The Company</th><th rowspan="2">All companies listed in the financial report</th><th rowspan="2">The Company</th><th rowspan="2">All companies listed in the financial report</th><th rowspan="2">The Company</th><th rowspan="2">All companies listed in the financial report</th><th rowspan="2">The Company</th><th rowspan="2">All companies listed in the financial report</th><th colspan="2">The Company</th><th colspan="2">All companies listed in the financial report</th><th rowspan="2">The Company</th><th rowspan="2">All companies listed in the financial report</th></tr>
<tr><th>Cash amount</th><th>Stock amount</th><th>Cash amount</th><th>Stock amount</th></tr>
<tr><td>Chairman</td><td>Chin-Tsai Chen</td><td rowspan="6">—</td><td rowspan="6">—</td><td rowspan="6">—</td><td rowspan="6">—</td><td rowspan="6">33,803</td><td rowspan="6">33,803</td><td rowspan="6">130</td><td rowspan="6">130</td><td rowspan="6">1.08</td><td rowspan="6">1.08</td><td rowspan="6">10,758</td><td rowspan="6">13,229</td><td rowspan="6">—</td><td rowspan="6">—</td><td rowspan="6">25,346</td><td rowspan="6">—</td><td rowspan="6">25,346</td><td rowspan="6">—</td><td rowspan="6">2.23</td><td rowspan="6">2.31</td><td rowspan="6">None</td></tr>
<tr><td>Director</td><td>Hsin-Hui Tsai</td></tr>
<tr><td>Director</td><td>Representative of WIN Semiconductors Corp. : Ching-Chou Tseng (Note 5)</td></tr>
<tr><td>Director</td><td>Representative of Fu-Cun Development Co., Ltd.: Shih-Fang Cheng</td></tr>
<tr><td>Director</td><td>Representative of Fu-Cun Development Co., Ltd.: Jin-Yuan Wang</td></tr>
<tr><td>Director</td><td>Representative of Gemtek Technology Co., Ltd.: Hsi-An Liao (Note 5)</td></tr>
<tr><td rowspan="2">Independent Director</td><td>Yang, Zhao-Rong (Note 5)</td><td rowspan="2">—</td><td rowspan="2">—</td><td rowspan="2">—</td><td rowspan="2">—</td><td rowspan="2">16,904</td><td rowspan="2">16,904</td><td rowspan="2">115</td><td rowspan="2">115</td><td rowspan="2">0.54</td><td rowspan="2">0.54</td><td rowspan="2">—</td><td rowspan="2">—</td><td rowspan="2">—</td><td rowspan="2">—</td><td rowspan="2">—</td><td rowspan="2">—</td><td rowspan="2">—</td><td rowspan="2">—</td><td rowspan="2">0.54</td><td rowspan="2">0.54</td><td rowspan="2">None</td></tr>
<tr><td>Po-Chiao Chou</td></tr>
</table>

	Xiu-Zong Liang																				
	Hui-Fen Chan																				
	Yu-Chin Tsai (Note 5)																				

1. Please describe the remuneration payment policy, system, standard, and structure of Independent Directors, and describe the connectivity with the amount of the remuneration paid according to factors such as duties, risks assumed, and time invested: According to Article 24 of the Company's Articles of Association, the remunerations of directors and supervisors shall be determined by the Board of Directors according to their level of involvement in the Company's operations and the value of their contributions, with reference to the usual standard of the industry.
2. Except for information disclosed above, remuneration paid for services rendered by Directors of the Company to all companies in the financial report (e.g., serving as a non-employee consultant) in the most recent fiscal year: None.

Note 1: When all directors and supervisors receive more than 2% of net income after tax of all directors and supervisors of all companies listed the financial statements, and when the remuneration paid to each individual director or supervisor exceeds NT$15 million, the remuneration of that individual director or supervisor shall be disclosed.

Note 2: This is the retirement pension paid in accordance with the law, and no retirement pension was actually paid in the most recent year; The confirmed pension contribution cost for the year 2021 is NT$14,020 thousand (for all employees).

Note 3: For the earning distribution in 2021, the Board of Directors adopted a resolution on March 16, 2022 to distribute the annual surplus of NT $50,707 thousand to the directors and NT $219,730 thousand to the employees, which were reported to the regular meeting of shareholders in 2022.

Note 4: The net profit after tax refers to the Company's net profit after tax of NT $3,144,803 thousand for the year 2021 and the individual statement's net profit after tax of NT $3,144,803 thousand for the year 2021, respectively.

Note 5: The directors of the Company were fully re-elected at the Annual Shareholders' Meeting on July 2, 2021.

(1) Representative of WIN Semiconductors Corp. : Ching-Chou Tseng and Chao-Rong Yang were elected as director and independent director.

(2) Representative of Gemtek Technology Co., Ltd.: The term of office of Hsi-An Liao and Independent Director Yu-Chin Tsai ended on July 2, 2021.

With reference to the amount of remunerations of director employees in 2021, the proposed allocation amount for remunerations of the above managerial officers for this year (2022) is calculated based on the actual proportion and amount of the surplus in 2020 distributed for 2021 (for reference only).

Range of Remuneration Paid to Each Director of the Company	Name of Director			
	Total of the first four items (A+B+C+D)		Total of the first seven items (A+B+C+D+E+F+G)	
	The Company	All companies listed in the financial report	The Company	All companies listed in the financial report
Less than NT$ 1 million				
NT$1 million (inclusive) ~ NT$2 million (exclusive)				
NT$2 million (inclusive) ~ NT$3.5 million (exclusive)	Ching-Chou Tseng, Hsi-An Liao, Zhao-Rong Yang Yu-Chin Tsai	Ching-Chou Tseng, Hsi-An Liao, Zhao-Rong Yang Yu-Chin Tsai	Ching-Chou Tseng, Hsi-An Liao, Zhao-Rong Yang Yu-Chin Tsai	Ching-Chou Tseng, Hsi-An Liao, Zhao-Rong Yang Yu-Chin Tsai
NT$3.5 million (inclusive) ~ NT$5 million (exclusive)	Jin-Yuan Wang, Shih-Fang Cheng, Po-Chiao Chou Xiu-Zong Liang, Hui-Fen Chan	Jin-Yuan Wang, Shih-Fang Cheng, Po-Chiao Chou Xiu-Zong Liang, Hui-Fen Chan	Jin-Yuan Wang, Shih-Fang Cheng, Po-Chiao Chou Xiu-Zong Liang, Hui-Fen Chan	Jin-Yuan Wang, Shih-Fang Cheng, Po-Chiao Chou, Xiu-Zong Liang, Hui-Fen Chan
NT$5 million (inclusive) ~ NT$10 million (exclusive)	Hsin-Hui Tsai	Hsin-Hui Tsai		
NT$10 million (inclusive) ~ NT$15 million (exclusive)	Chin-Tsai Chen	Chin-Tsai Chen		

Range of Remuneration Paid to Each Director of the Company	Name of Director			
	Total of the first four items (A+B+C+D)		Total of the first seven items (A+B+C+D+E+F+G)	
	The Company	All companies listed in the financial report	The Company	All companies listed in the financial report
NT$15 million (inclusive) ~ NT$30 million (exclusive)			Chin-Tsai Chen	Chin-Tsai Chen
NT$30 million (inclusive) ~ NT$50 million (exclusive)			Hsin-Hui Tsai	Hsin-Hui Tsai
NT$50 million (inclusive) ~ NT$100 million (exclusive)				
Over NT$100 million				
Total	11	11	11	11

※The disclosed contents and amounts in this table are calculated from a concept different from the calculations of income tax. Hence the purpose of this table is solely for the purpose of information disclosure and not for tax purposes. ※

2. Remuneration paid to supervisors: The Company has no supervisor, so this section is not applicable.

3. Remunerations paid to the General Managers and Deputy General Managers in 2021

(1) Remunerations paid to General Managers and Deputy General Managers

Unit: NT$1,000/thousand shares

Title	Name	Salary (A)		Severance pay (B) (Note 1)		Bonuses and Allowances (C)		Employees' remuneration (D) (Note 2)				Ratio of total remunerations including A, B, C, and D to net income after tax (%) (Note 3)		Compensation from Ventures Other Than Subsidiaries or from the Parent Company
		The Company	All companies listed in the financial report	The Company	All companies listed in the financial report	The Company	All companies listed in the financial report	The Company		All companies listed in the financial report		The Company	All companies listed in the financial report	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
CEO and General Manager	Hsin-Hui Tsai	10,406	16,520	—	—	8,451	8,451	57,605	—	57,605	—	2.43	2.63	—
General Manager of Wuxi Plant and Jiangxi Plant	Wei-Kuang Chu													
General Manager of Dongguan Plant	Chien-Lung He													
General Manager of Guangzhou FPC Plant	Cheng-Hsin Chen (Note 4)													
Deputy General Manager	Yuan-Hung Chen (Note 5)													

Note 1: This is the retirement pension paid in accordance with the law, and no retirement pension was actually paid in the most recent year; The confirmed pension contribution cost for the year 2021 is NT$14,020 thousand (for all employees).

Note 2: For the earning distribution in 2021, the Board of Directors adopted a resolution on March 16, 2022 to distribute the annual surplus of NT $50,707 thousand to the directors and NT $219,730 thousand to the employees, which were reported to the regular meeting of shareholders in 2022.

Note 3: The net profit after tax refers to the Company's net profit after tax of NT $3,144,803 thousand for the year 2021 and the individual statement's net profit after tax of NT $3,144,803 thousand for the year 2021, respectively.

Note 4: Cheng-Hsin Chen, Vice General Manager of Guangzhou Plant, was promoted to General Manager of Guangzhou FPC Plant on July 27, 2021.

Note 5: I-Liang Lin, Deputy General Manager, Marketing OEM Center of the Group was newly appointed on March 23, 2021, the remuneration shall be calculated beginning from that date.

With reference to the amount of remunerations of director employees in 2021, the proposed allocation amount for remunerations of the above managerial officers for this year (2022) is calculated based on the actual proportion and amount of the surplus in 2020 distributed for 2021 (for reference only).

Range of Remuneration Paid to Each General Manager and Deputy General Manager of the Company	Name of General Manager and Deputy General Manager	
	Total of the first four items (A+B+C+D)	
	The Company	All companies listed in the financial report
Less than NT$ 1 million		
NT$1 million (inclusive) ~ NT$2 million (exclusive)		
NT$2 million (inclusive) ~ NT$3.5 million (exclusive)		
NT$3.5 million (inclusive) ~ NT$5 million (exclusive)		
NT$5 million (inclusive) ~ NT$10 million (exclusive)	I-Liang Lin	I-Liang Lin
NT$10 million (inclusive) ~ NT$15 million (exclusive)	Chien-Lung He, Cheng-Hsin Chen	Chien-Lung He, Cheng-Hsin Chen
NT$15 million (inclusive) ~ NT$30 million (exclusive)	Wei-Kuang Chu	Wei-Kuang Chu
NT$30 million (inclusive) ~ NT$50 million (exclusive)	Hsin-Hui Tsai	Hsin-Hui Tsai
NT$50 million (inclusive) ~ NT$100 million (exclusive)		
Over NT$100 million		
Total	5	5

※The disclosed contents and amounts in this table are calculated from a concept different from the calculations of income tax. Hence the purpose of this table is solely for the purpose of information disclosure and not for tax purposes. ※

(2) Names of Managers and the Distribution of Employee's Profit-sharing Bonus

March 16, 2022; Unit: NT$1,000

Title	Name	Stock Amount	Cash Amount	Total	Ratio of total amount to net income (%)
CEO and General Manager	Hsin-Hui Tsai	—	54,263	54,263	1.73
General Manager of Wuxi Plant and Jiangxi Plant	Wei-Kuang Chu				
General Manager of Dongguan Plant	Chien-Lung He				
General Manager of Guangzhou FPC Plant	Cheng-Hsin Chen				
Deputy General Manager, Marketing OEM Center of the Group	I-Liang Lin				
Accounting Supervisor and Corporate Governance Supervisor	Jung-Tsan Chou				

Note 1: The amount of remunerations for employees distributed for 2022 and to be paid with the surplus of 2021 has not been fully determined, so the proposed allocation amount for employee remunerations of the above managerial officers for this year (2022) is calculated based on the actual proportion and amount of the surplus in 2020 distributed for 2021 (for reference only).

Note 2: The after-tax net profit ratio is calculated on the basis of the after-tax net profit of NT$3,144,803 thousand for the year 2021.

(3) Names and distribution of the top five remunerated employees

(Remunerations of employees paid with surplus of 2020 obtained in 2021)

Title	Name	Number of shares	Cash (NT$)
CEO and General Manager	Hsin-Hui Tsai	—	NT$45,500 thousand
General Manager of Wuxi Plant and Jiangxi Plant	Wei-Kuang Chu		
General Manager of Dongguan Plant	Chien-Lung He		
General Manager of Guangzhou FPC Plant	Cheng-Hsin Chen		
Deputy General Manager, Marketing OEM Center of the Group	I-Liang Lin		

(4) Total remunerations paid to each of this Company's Directors, General Managers, and Deputy General Managers in the 2 most recent years by all companies listed in this Company's individual and consolidated financial statements as a percentage of NIAT listed in the individual financial report and describe the policies, standards, and packages for payment of and the procedures for determining of such compensations and its linkage to the business performance.

1. Analysis on the ratio of total remuneration paid by the Company and all enterprises in the consolidated financial statements to the Company’s Directors, General Manager and Deputy General Managers in the recent two years to the earnings after tax under individual financial report

Title	2020		2021	
	The Company	All companies listed in the financial report	The Company	All companies listed in the financial report
Director	3.06%	3.17%	2.77%	2.85%
General Managers and Deputy General Manager	2.49%	4.46%	2.43%	2.63%

Note: The amount of remunerations for employees distributed for 2022 and to be paid with the surplus of 2021 has not been fully determined, so the proposed allocation amount for employee remunerations of the above managerial officers for this year (2022) is calculated based on the actual proportion and amount of the surplus in 2010 distributed for 2021 (for reference only).

2. Description of policies, standards, and packages for payment of remuneration, as well as procedures for determining remuneration, and its linkage to business performance and future risk exposure relevance

(1) The remuneration of the Company's directors is paid in accordance with the "Rules Governing the Remuneration of Directors" established by the Board of Directors on July 27, 2021, with a view to making the remuneration of such directors transparent, reasonable and institutionalized, and implementing corporate governance.

Method of distribution in accordance with Article 3 of these Regulations - Amount and method of distribution of directors' remuneration

The source of remuneration for directors of the Company shall be in accordance with Article 27 of the Company's Articles of Incorporation.

Remuneration shall be allocated to individual directors based on their participation in the operations of the Company, the value of their contribution and the following principles:

(1.1) One basis point for each director, and for those who have been elected for less than one year, the number of points shall be calculated based on the proportion of the elected month to the whole year.

(1.2) Two basis points shall be added to the chairmanship of the Board of Directors. If the chairmanship is less than one year, the number of points shall be calculated based on the proportion of the elected month to the year.

(1.3) One basis point shall be added for serving as vice chairman of the board of directors. If the vice chairman of the board of directors has served less than one year, the points shall be calculated based on the proportion of the elected month to the whole year.

(1.4) One basis point shall be added for the position of CEO or President, and for those who have served less than one year, the points shall be calculated based on the proportion of the elected month to the year.

(1.5) Special conditions: If the chairman and general manager serve as guarantors of the bank, additional consideration must be given to granting an increase in the base amount.

(1.6) Remuneration of individual directors: The directors' individual basis points are divided by the total basis points of all directors participating in the distribution and multiplied by the total amount of directors' compensation appropriation for the year.

(1.7) The Corporate shall adjust the remuneration system of our directors from time to time in accordance with the actual operating conditions and relevant government regulations.

(2) The appointment, dismissal and compensation of the General Manager and Deputy General Manager of the Company are approved by the Board of Directors in accordance with the Company's regulations. The remuneration standards are based on the duties and contributions of the positions held, taking into consideration the relevant regulations on personnel performance evaluation and the salary level of the position in the industry market, and are proposed by the Compensation Committee and approved by the Board of Directors.

(3) The remunerations of employees shall be paid based on the salary standard, their academic experience, professional knowledge and technical skills, and seniority, regardless of age, gender, race, religion, political stand, and marital status. Besides, the bonus of employees shall be determined according to the operating performance of the Company and the individual performance of the employees. The remuneration payment standard is determined by reference to the market condition, the Company's operating conditions and organizational structure, and may be adjusted as necessary according to the market wage dynamics, changes in the overall economy and industrial prosperity, and government decrees.

(4) Relevance of future risks: the remuneration of the Company will be evaluated and adjusted after considering future environmental changes and business

performance, and directors and employees who are involved in illegal activities and cause losses to the Company may be subject to necessary punishments according to law.

III. Operation Status of Corporate Governance

(I) Operation Status of the Board of Director

The board of director held 7 meetings in 2021 (A). The attendance of directors was as follows:

Title	Name	Attendance in Person (B)	Times of Attendance by Proxy	Actual Attendance Rate (%) (B/A)	Remark
Chairman	Chin-Tsai Chen	7	0	100	Re-elected on July 2, 2021.
Director	Hsin-Hui Tsai	7	0	100	Re-elected on July 2, 2021.
Director	Representative of WIN Semiconductors Corp. : Ching-Chou Tseng	3	0	100	Newly elected on July 2, 2021.
Director	Representative of Fu-Cun Development Co., Ltd.: Shih-Fang Cheng	7	0	100	Re-elected on July 2, 2021.
Director	Representative of Fu-Cun Development Co., Ltd.: Jin-Yuan Wang	7	0	100	Re-elected on July 2, 2021.
Director	Representative of Gemtek Technology Co., Ltd.: Hsi-An Liao	4	0	100	Terminated on July 2, 2021.
Independent Director	Zhao-Rong Yang	3	0	100	Newly elected on July 2, 2021.
Independent Director	Po-Chiao Chou	7	0	100	Re-elected on July 2, 2021.
Independent Director	Xiu-Zong Liang	7	0	100	Re-elected on July 2, 2021.
Independent Director	Hui-Fen Chan	7	0	100	Re-elected on July 2, 2021.
Independent Director	Yu-Chin Tsai	3	1	75	Terminated on July 2, 2021.

Other issues to be recorded:

1. If any of the following circumstances occur in the operation of the board of directors, the date and term of the board meeting, the content of proposal, the opinions of all independent directors and the Company’s handling of the opinions of independent directors shall be stated: The proposals related to Article 14.3 of the Securities Exchange Act are as follows, which have been passed by the board of directors, with independent directors holding no objections or holding qualified opinions.
   (1) Items listed in Article 14-3 of the Securities Exchange Act.

Term of board meeting and date of resolution	Proposal content and subsequent disposal	An independent director dissents or issues qualified opinion
The 17th meeting of the 8th Board of Directors March 23, 2021	1. Amendment to the “Operating Procedures for Subsidiaries and Sub-subsidiaries to Lend Funds to Others”. 2. Proposal for issuing employee stock warrants at below the market price. 3. 1.2million pieces of investment plan for the third phase of Jiangxi plant.	None
	The Company's handling of the opinions of independent directors: Not applicable.	
	Resolution: After the Chairman consulted all the directors present, the proposal was passed without objection.	
The 18th meeting of the 8th Board of Directors	1.Engaging Deloitte Taiwan in the audit of the financial statements of ITEQ Corporation for the year 2021, among other services. 2. the proposal on amending the Company's “Internal Control System - Other Circulation”.	None

Term of board meeting and date of resolution	Proposal content and subsequent disposal	An independent director dissents or issues qualified opinion
May 4, 2021	3. The Company intends to issue new shares for cash.	
	The Company's handling of the opinions of independent directors: Not applicable.	
	Resolution: After the Chairman consulted all the directors present, the proposal was passed without objection.	
The 2nd meeting of the 9th Board of Directors July 27, 2021	1. Proposal on internal personnel participating in the allocation of employee stocks for 2021. 2. Proposal on payment of remunerations for managerial officers and employees of the Company in 2020.	None
	Reasons for withdrawing personnel: In the 1st and 2nd case, Hsin-Hui Tsai was concurrently the Manager of the Company.	
	The Company's handling of the opinions of independent directors: Not applicable.	
	Resolution: After the Chairman consulted all the directors present, the proposal was passed without objection.	

(2) Other than the matters mentioned above, other resolutions on which the Independent Directors have dissenting opinions or qualified opinions: None.

2. Directors' withdrawal of proposal of interest:

Term/session of the Board of Directors	Proposal	Reasons of withdrawal	Status of execution
The 2nd meeting of the 9th Board of Directors July 27, 2021	1. Proposal on internal personnel participating in the allocation of employee stocks for 2021. 2. Proposal on payment of remunerations for managerial officers and employees of the Company in 2020.	Hsin-Hui Tsai was concurrently the Manager of the Company.	Except the above director withdrew due to interests, the Chairman consulted all the directors present and the proposal was passed without objection.

3. TWSE/GTSM listed companies shall disclose the evaluation cycle and period, scope, method, and content of evaluation for the self-evaluation (or peer evaluation) of the board of directors. The evaluation conditions of the board of directors of the Company are as follows:

Evaluation cycle	Period of evaluation	Scope of evaluation	Method of evaluation	Content of evaluation
Executed every year	Evaluate the performance of the board from January 1, 2021 to December 31, 2021.	Performance evaluation of the board of directors, individual directors and functional committees.	Internal self-evaluation by the board, self-evaluation by board members and internal self-evaluation by functional committees	Refer to Note 1 for instructions.

Note 1: The contents of the evaluation shall include at least the following items according to the scope of evaluation:

(1) Performance evaluation of the board of directors: at least including the degree of involvement in the operation of the Company, the quality of decision-making of the board of directors, the composition and structure of the board of directors, the selection and continuous learning of directors, internal control, etc.

(2) Performance evaluation of individual directors: at least including the cognition of the Company's objectives and tasks, the understanding of director liabilities, the involvement in the Company's operations, the internal relationship management and communication, the specialty and further study of directors and internal control.

(3) Performance evaluation of functional committees: the degree of involvement in the Company's operation, the cognition of the responsibilities of functional committees, the quality of decision-making of functional committees, the composition and selection of members of functional committees, internal control, etc.

Operation evaluation results of the board of directors and functional committees in 2021:

(1) The performance evaluation indicators of the board of directors consists of five aspects and a total of 45 indicators, and the evaluation result is "excellent".
The Board of Directors has performed in a satisfactory manner, not only in compliance with the law, but also in response to the actual operational needs of the Company.

(2) The performance evaluation indicators of audit committee consists of five aspects and a total of 24 indicators, and the evaluation result is "excellent".
The operation of the Audit Committee is not only in compliance with the law, but also very helpful to the internal control and risk assessment of the operation, and the performance should be competent.

(3) The performance evaluation indicators of the remuneration committee consists of five aspects and a total of 45 indicators, and the evaluation result is "excellent".
The Remuneration Committee is still operating smoothly and functioning without any problems.

(4) The performance evaluation indicators of the board members consists of six aspects and a total of 23 indicators, and the evaluation result is "excellent".

4. Goal of enhancing Board of Directors functions (such as establishing an audit committee and uplifting information transparency) and evaluation of its implementation in the current and most recent fiscal year:
   (1) The Audit Committee and the Remuneration Committee established under the board of directors of the Company shall assist the board of directors in performing their supervisory duties respectively.
   (2) The Audit Committee of the Company has been composed of 4 independent directors since June 15, 2018, and is responsible for the fair presentation of the Company's financial statements, the selection (dismissal) and independence evaluation of CPAs, the effective implementation of internal control, the management and control of the Company's existing or potential risks, etc.
   (3) The Remuneration Committee of the Company was established in 2011 and is currently composed of 4 independent directors. It is responsible for formulating and regularly reviewing policies, systems, standards and structures on performance evaluation and remunerations of directors and managerial officers, as well as regularly evaluating and determining the salaries and remunerations of directors and managerial officers.
   (4) Communicate relevant refresher courses to board members and assist in the arrangement of refresher courses to enhance the absorption of new knowledge and maintain professional advantages.
   (5) On October 29, 2019, the Company established the Board Performance Evaluation Method as the objectives to be achieved in the operation of directors and functional committees.
   (6) On May 5, 2020, the board of directors of the Company approved the setup of Corporate Governance Director.

5. The attendance and appearance of independent directors at each board meeting of the Company in 2021 are as follows:
   ◎ Attend in person ☆ Delegate to attend

Name	Date of the Board Meeting							Remark
	January 5, 2021	March 23, 2021	May 4, 2021	June 11, 2021	July 2, 2021	July 27, 2021	October 26, 2021	
Po-Chiao Chou	◎	◎	◎	◎	◎	◎	◎	
Xiu-Zong Liang	◎	◎	◎	◎	◎	◎	◎	
Yu-Chin Tsai	◎	◎	☆	◎				Notes
Hui-Fen Chan	◎	◎	◎	◎	◎	◎	◎	
Zhao-Rong Yang					◎	◎	◎	Notes

Notes：The directors of the Company were fully re-elected at the Annual Shareholders' Meeting on July 2, 2021. Independent Director Yu-Chin Tsai terminated, Zhao-Rong Yang newly elected.

(II) Information on the operation of the Audit Committee:

1. The key jobs of the Audit Committee in the fiscal year are summarized as follows:
   (1) Formulating or amending the internal control system.
   (2) Evaluation on the effectiveness of the internal control system.
   (3) Formulating or amending important management measures or operating procedures, such as the procedures for significant financial businesses including acquiring or disposing of assets, engaging in derivatives trading, lending funds to others, endorsing or providing guarantees for others.
   (4) Matters involving the interests of directors.
   (5) Significant transactions of assets or derivatives.

(6) Significant fund lending, endorsement or provision of guarantee.
(7) Raising, issuing or private placement of negotiable securities with the nature of equity.
(8) Appointment, discharge or remuneration of CPAs.
(9) Appointment and removal of finance, accounting or internal audit directors.
(10) Financial reports.
(11) Other important matters stipulated by the Company or the competent authority.

2. The Audit Committee held 7 meetings in 2021 (A). The appearance of independent directors were as follows:

Title	Name	Attendance in Person (B)	Times of Appearance by Proxy	Actual Appearance Rate (%) [B/A]	Remark
Independent Director	Po-Chiao Chou (Convener)	7	0	100	Re-elected on July 2, 2021.
Independent Director	Xiu-Zong Liang	7	0	100	
Independent Director	Hui-Fen Chan	7	0	100	
Independent Director	Yu-Chin Tsai	3	1	75	Terminated on July 2, 2021.
Independent Director	Zhao-Rong Yang	3	0	100	Newly elected on July 2, 2021.

Other issues to be recorded:

1. If the Audit Committee operates under any of the following circumstances, it shall state the date and period of the Audit Committee meeting, the content of the motion, the content of the objections, reservations or significant recommendations of the independent directors, the results of the Audit Committee resolution and the Company's handling of the Audit Committee's opinion.
   (1) Items listed in Article 14-5 of the Securities Exchange Act

Audit Committee Term of meeting and date of resolution	Proposal content	Resolution results and subsequent processing
The18th meeting of the 1st Audit Committee March 23, 2021	1. "Evaluation on the Effectiveness of Internal Control System" and the "Statement on Internal Control" for 2020. 2. Amendment to the “Operating Procedures for Subsidiaries and Sub-subsidiaries to Lend Funds to Others”. 3. Proposal on the consolidated financial statements and individual financial statements of 2020. 4. Proposal for issuing employee stock warrants at below the market price 5. 1,200,000 pieces of investment plan for the third phase of Jiangxi plant.	All the members of the Audit Committee have expressed no objection or qualified opinions to the proposals on the left, which have been adopted by all the committee members.
The 19th meeting of the 1st Audit Committee May 4, 2021	1. Engaging Deloitte Taiwan in the audit of the financial statements of ITEQ Corporation for the year 2020, among other services. 2. The proposal on amending the Company's “Internal Control System - Other Circulation”. 3. The Company intends to issue new shares for cash.	
The 2nd meeting of the 2nd Audit Committee July 27, 2021	1. Proposal on internal personnel participating in the allocation of employee stocks for 2021. 2. Proposal on payment of remunerations for managerial officers and employees of the Company in 2020.	

   (2) Except for the matters mentioned above, other matters that have not been approved by the Audit Committee but have been agreed by more than two-thirds of all directors: none.

2. The implementation status of independent director’s avoidance of interested proposals, which shall state the name of independent director, the content of the proposals, the reasons for the avoidance of interests, and the circumstances of participation in voting: none.
3. The communications between the independent director and the internal audit supervisor and accountant (including major issues, methods and results of communication regarding the

company's financial and business status).

(1) Communication between the Audit Committee and the Audit Supervisor in 2021:

Date	Content of the communication	Implementation	Results
January 05, 2021	1. Project report - Dongguan plant project report. 2. Execution report of audit in 2020 as of December. 3. Key points of audit business in the next period. 4. The subsidiary's annual audit plan for 2021.	1. The Audit Committee shall submit a report to the Board of Directors after reporting. 2. The "Evaluation on the Effectiveness of Internal Control System" and the "Statement on Internal Control" for 2021 shall be considered and approved and submitted to the Board of Directors.	No opinions
March 23, 2021	1. Execution report of audit in 2021 as of February. 2. Key points of audit business in the next period. 3. "Evaluation on the Effectiveness of Internal Control System" and the "Statement on Internal Control" for 2020. 4. Important management measures are revised.	1. The Audit Committee shall submit a report to the Board of Directors after reporting. 2. The "Evaluation on the Effectiveness of Internal Control System" and the "Statement on Internal Control" for 2020 shall be considered and approved and submitted to the Board of Directors. 3. Important management measures are considered and approved and submitted to the Board of Directors.	No opinions
May 04, 2021	1. Execution report of audit in 2021 as of April. 2. Key points of audit business in the next period. 3. Important management methods are revised.	1. The Audit Committee shall submit a report to the Board of Directors after reporting. 2. Important management measures are considered and approved and submitted to the Board of Directors.	No opinions
June 11, 2021	1. Execution report of audit in 2021 as of May. 2. Key points of audit business in the next period.	1. The Audit Committee shall submit a report to the Board of Directors after reporting.	No opinions
July 27, 2021	1. Execution report of audit in 2021 as of June. 2. Key points of audit business in the next period.	1. The Audit Committee shall submit a report to the Board of Directors after reporting.	No opinions
October 26, 2021	1. Execution report of audit in 2021 as of September. 2. Key points of audit business in the next period. 3. 2022 Audit Plan.	1. The Audit Committee shall submit a report to the Board of Directors after reporting. 2. The 2022 audit plan was approved and presented to the Board of Directors.	No opinions

The Audit Supervisor communicates with the independent directors through the audit report every month; To report at least once a quarter on the performance of the audit operations through the meeting of the Audit Committee and report to the members of the Audit Committee immediately in case of any special circumstances. There are no such special conditions as at the publication date of the annual report. The Audit Committee of the Company has communicated well with the internal Audit Supervisor.

(2) Communication between the Audit Committee and the CPAs in 2021:

Date	Content of the communication	Results
January 05, 2021	1. 2020 Annual Audit Plan - Scope and approach of Audit, Identification of Significant Risks, Critical Audit Items (Inventory Impairment Evaluation) 2. Other matters - COVID-19 impact.	No opinions
March 23, 2021	1. Scope of audit of financial statements for 4Q 2020, substantial risks and key audit matters, responsibilities and independence of accountants, type and content of audit reports. 2. Changes in the basis of special reserve appropriation in advance.	No opinions
May 04, 2021	1. Scope of audit of financial statements for 1Q 2021, responsibilities and independence of accountants, type and content of audit reports. 2. Other matters - fire instructions.	No opinions
July 27, 2021	1. Scope of audit of financial statements for 2Q 2021, responsibilities and independence of accountants, type and content of audit reports.	No opinions

	2. Description of disaster damage. 3. Other matters - COVID-19 impact.	
October 26, 2021	1. Scope of audit of financial statements for 3Q 2021, responsibilities and independence of accountants, type and content of audit reports. 2. Other matters - Explanation of changes in inventory balance. 3. Other matters - Description of disaster damage.	No opinions

The matters communicated between the Company's CPAs and the Audit Committee include the audit or review results of the financial statements of the reporting quarter, the scope and schedule of the audit or review, major findings, statement that the personnel subject to the independence standards of the firm under which the certified accountants are affiliated have complied with the statement of independence in the professional ethics of accountants, the key audit matters to be communicated in the financial reports, and the impact of statutory amendments on the Company, etc. Any special circumstances will be reported to the members of the Audit Committee immediately and there are no such special circumstances as at the date of publication of the annual report. The Audit Committee of the Company has communicated well with the CPAs.

(III) Implementation of corporate governance and the Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the Reasons

Evaluation Items	State of Operations			Deviations from the Practice Principles for TWSE/TPEx Listed Companies, and the Reasons
	Yes	No	Summary	
I. Has the Company formulated and disclosed its corporate governance best practice principles in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies"?	V		The Company has established the Corporate Governance Best Practice Principles in 2005, and has kept abreast of changes in current laws and regulations to strengthen its organizational structure and disclosed them on the Company's website and the Market Observation Post System. The Company's relevant operations have been conducted in accordance with relevant important regulations.	No major deviations.
II. Shareholding structure and shareholders' rights				
(I) Does the Company establish an internal procedure for handling shareholder proposals, inquiries, disputes, and litigations? Are such matters handled according to the internal procedure?	V		(I) The Company has formulated the "Measures for Handling Stock Affairs" in 2002, and has set up spokesman, acting spokesman, stock affairs officer and dedicated person to handle relevant matters, and has publicly announced its contact telephone number and E-mail address (service@iteq.com.tw) to properly handle questions, suggestions, doubts and disputes raised by shareholders. There has not been any dispute or lawsuit.	No major deviations.
(II) Does the Company maintain a register of major shareholders with controlling power as well as a register of persons exercising ultimate control over those major shareholders?	V		(II) The Company has stockholder affair undertaker who, assisted by the Stock Agency Department of Grand Fortune Securities Co., Ltd., regularly keeps track of the major shareholders who actually control the Company and the list of the ultimate controllers of the major shareholders according to the list of shareholders provided by the stockholder agency on the date when the Company handles the closing of ownership transfer; and regularly discloses the situation of pledge, increase or decrease of equity of shareholders holding more than 10% equity.	No major deviations.
(III) Does the Company establish and enforce risk control and	V		(III) In the internal control system, the Company has established the "Subsidiary Management	No major deviations.

Evaluation Items	State of Operations: Yes	No	Summary	Deviations from the Practice Principles for TWSE/TPEx Listed Companies, and the Reasons
firewall systems with its affiliated businesses?			Measures", the "Measures for the Management of Related Party Transactions", and the "Procedures for Dealing with Related Parties, Special Persons and Group Members" to define the management rights and responsibilities of personnel, assets and finance among related enterprises, and conduct risk evaluation and establish appropriate firewalls. All business dealings with related enterprises are handled in accordance with the principle of fairness and reasonableness, and are subject to relevant internal control and other management measures. The audit unit of the Company also includes each subsidiary into the scope of internal audit and carries out audit operations on a regular or irregular basis.	
(IV) Does the Company stipulate internal rules that prohibit company insiders from trading securities using information not disclosed to the market?	V		(VI) The Company formulated the "Internal Material Information Processing Procedures" in 2009, and formulated the "Insider Trading Prevention Law" on May 3, 2022 and informed the Company's internal personnel to strictly follow them, so as to reduce the internal personnel of the Company from accidentally committing insider trading due to unfamiliarity with laws and regulations or intentionally committing such breach, resulting in lawsuits involving the Company or such internal personnel, and damaging the Company's reputation. In addition, a good internal information processing and disclosure mechanism was established to avoid improper information leakage.	No major deviations.
III. Composition and Responsibilities of the Board of Directors (I) Has the Board developed, and does it implement, a diversity policy, specific management objectives and implementation?	V		(I) Article 20 of the Corporate Governance Best Practice Principles of the Company stipulates that to achieve the effective operation of the board of directors, enhance the development and operation of the Company, the composition of the board of directors is diversified in terms of professional skills required for business, legal, finance, accounting and the operation of the Company, and the directors possess complete and rich academic experience to enable the board of directors to perform the functions of operational decision-making and leadership. Please refer to item (VIII) of this annual report (page 66) for an explanation of the diversity policy of the Company's board members.	No major deviations.
(II) In addition to the Remuneration Committee and Audit Committee established according to law, is the Company willing to set up	V		(II) The functional committees of the Company include: 1. The Remuneration Committee: holding at least 2 meetings per year. Please refer to (page 49) of the annual report	No major deviations.

<table>
<tr><th rowspan="2">Evaluation Items</th><th colspan="3">State of Operations</th><th rowspan="2">Deviations from the Practice Principles for TWSE/TPEx Listed Companies, and the Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>other functional committees?

(III) Has the Company established standards to measure the performance of the Board, and does the Company implement such annually? Does it report the results of the performance evaluation to the BOD and use them as a reference for each Director's remuneration and nomination of term renewal?
(IV) Does the Company regularly implement assessments on the independence of CPA?</td><td>

V

V</td><td></td><td>for the operation situation.
2. The Audit Committee: established in June 15, 2018, comprised of all independent directors. Please refer to (page 40) of the annual report for the operation situation.
(III) The Company has formulated the "Performance Evaluation Measures and Procedures of the Board of Directors" on October 29, 2019, and the board members and executive units conducted the internal performance evaluation of the board of directors in the current year. Please refer to (page 38) of the annual report for the operation situation.
On January 19, 2022, the Company's submitted the results of the board performance evaluation report for 2021 to the board of directors.
(IV) The Board of Directors of the Company evaluates its independence and competence annually in accordance with Article 47 of the Certified Public Accountant Act, Bulletin No. 10 of the Code of Professional Ethics and Bulletin No. 46 of the Standards of Auditing, and reported the results to the Audit Committee and the board of directors for adoption on May 3, 2020. Please refer to Appendix I (page 135) of the annual report for the Assessment Form of CPAs' Independence and Competence in 2020, and require CPAs to present a statement of independence.</td><td>

No major deviations.

No major deviations.</td></tr>
<tr><td>IV. Does the listed Company have an adequate number of qualified corporate governance personnel and assign a corporate governance executive to handle corporate governance matters (including but not limited to the provision of data to Directors and Supervisors for business execution, assisting Directors and Supervisors in legal compliance, matters related to Board Meeting and Shareholders' Meeting, preparation of minutes for Board Meeting and Shareholders' Meeting)?</td><td>V</td><td></td><td>In order to strengthen corporate governance and enhance the effectiveness of the board of directors, the Company has allocated appropriate personnel to be responsible for corporate governance-related matters. On May 5, 2020, the board of directors resolved to establish a corporate governance officer with at least three years of experience in financial accounting for public companies and at least 12 hours of training per year in accordance with the regulations. The main responsibility is to be a planning unit for corporate governance, ethical corporate management and legal compliance, to provide information for directors to carry out their business, strengthen the functions of the board of directors and comply with laws and regulations, and handle matters related to the board of directors and shareholder meetings.
Business execution in 2021:
(I) Assisting the directors in performing their duties and providing a communication window between the directors and the Company.
1. Informing members of the board of directors of the latest amendments to laws and regulations related to the business field and corporate governance</td><td>No major deviations.</td></tr>
</table>

Evaluation Items	State of Operations			Deviations from the Practice Principles for TWSE/TPEx Listed Companies, and the Reasons
	Yes	No	Summary	
			of the Company. 2. Providing the Company's information required by directors, and maintaining smooth communication between the directors and senior executives. 3. Arranging refresher courses on a regular basis for directors in accordance with the directors' education background and prevailing laws and regulations. (II) Assisting functional committees, the board of directors and the shareholders' meeting in matters concerning the procedures and compliance with laws, and serving as the communication window for the functional committees. 1. Preparing meeting procedures and providing relevant materials and topics, and giving advance warning if it is necessary to avoid interest conflicts. 2. Responsible for releasing important information of important resolutions of the board of directors and the board of shareholders, and ensuring the legality and correctness of such information, so as to ensure the equivalence of trading information for investors.	
V. Has the company established a channel to communicate with stakeholders, and set up a special zone for stakeholders on the Company's website, and appropriately respond to the important corporate social responsibility issues that are essential to stakeholders?	V		Depending on different conditions, the Company has established channels for communication with the Company, appointed spokesman, acting spokesman, stock affairs officer and dedicated person to communicate with stakeholders, and has the special zone for stakeholders and the contact information of the spokesman (acting spokesman) and relevant business departments on the Company's website. The communication channels include telephone, website and mailbox, etc. and the stakeholder communication was reported to the Board of Directors on January 19, 2022.	No major deviations.
VI. Has the Company commissioned a professional stock affair agency to manage shareholders' meetings and other relevant affairs?	V		The Company appoints the Stock Agency Department of Grand Fortune Securities Co., Ltd. as the stock agent to handle the transfer of ownership of the issued shares and other related matters for the Company.	No major deviations.
VII. Information Disclosure (I) Does the Company establish a website to disclose information on financial operations and corporate governance?	V		(I) The Company has set up a corporate website in both Chinese and English, which discloses relevant financial business and corporate governance information under Investor Relations. In addition, for information on product business, please refer to other disclosure information on the corporate website.	No major deviations.
(II) Does the Company adopt other means of information	V		(II) The Company has set up an investor relation website in both Chinese and English, and	No major deviations.

Evaluation Items	State of Operations			Deviations from the Practice Principles for TWSE/TPEx Listed Companies, and the Reasons
	Yes	No	Summary	
disclosure (such as establishing an English language website, delegating a professional to collect and disclose Company information, implement a spokesperson system, and disclosing the process of legal person conferences on the Company website)?			designated a special person to update the information collected and disclosed on the company website, and set up a spokesman's email address for the special person to handle. The spokesman system is implemented to ensure that the information that may affect the decision-making of shareholders and stakeholders will be disclosed immediately.	
(III) Does the Company announce and report annual financial statements within two months after the end of each fiscal year, and announce and report the financial statements of the first three quarters, as well as monthly operation results, before the prescribed time limit?.	V		(III) On March 16, 2022, the Company announced its financial report for 2021, and the financial reports for the first, second and third quarters and the operating situation of each month, all of which shall be passed or submitted by the Board of Directors 7 days before the prescribed time limit and announced on the board meeting XBRL).	No major deviations.
VIII. Has the Company provided other important information that is helpful to understand the implementation of corporate governance (including but not limited to the rights and interests of employees, employee care, investor relations, supplier relations, stakeholder rights, continuous education of directors and supervisors, implementation of the risk management policies and risk measurement standards, customer policies, and purchase of liability insurance for the directors and supervisors)?	V		Refer to item (VIII) of this annual financial report (page 61).	No major deviations.
IX. Please indicate the improvement of the results of the corporate governance evaluation issued by the Company's Center for Corporate Governance in the last year of the TWSE and provide priority measures and measures for those who have not yet improved. The Company's rating range on "2022 Corporate Governance Evaluation" is the top 21%~35%. For the following items that have not been scored, priority enhancement matters and measures are put forward: 1. Improvements to 2021 corporate governance evaluation results: (1) Submit the annual report of the board of shareholders (English version) in accordance with the time limit prescribed by the Corporate Governance Evaluation Index. (2) Report the communications with stakeholders to the board on a regular basis and has reported to the Board of Directors on January 19, 2022. (3) Simultaneous release of significant information in English, which will be implemented in 2022. 2. Priority enhancement items for those not yet improved: (1) ESG Report is expected to be completed by the end of September.				

(IV) Composition, responsibilities and operation of the Remuneration Committee

1. Information on the members of the Remuneration Committee

Conditions / Name	Professional qualifications and experience (Note 1)	Independence Circumstances (Note 2)	Number of other public companies where the individual concurrently serves as an Independent Director
Independent Director Zhao-Rong Yang	· Graduated from an accounting school. · Current Convener Of Remuneration Committee of the Company. · He has more than 20 years of experience in corporate business and has served as Chairman of Hua Nan Securities, Vice President of Taiwan Stock Exchange, Listing Review Committee Member, Convenor of Supervisory Board Meeting, and General Secretary of Taipei Exchange, etc. He has extensive experience in corporate management, corporate governance and market compliance. · Currently, he is an Independent Director of Tigerair Taiwan Co., Ltd. & Jing-Jan Retail Business Co., Ltd.. · None of the circumstances in the subparagraphs of Article 30 of the Company Act apply.	· An independent director or his/her spouse or second degree of kinship does not serve as a director, supervisor or employee of the Company or any other related company, and does not serve as a director, supervisor or employee of a company with which the Company has a specific relationship. · The independent directors, his or her spouse, and second degree of kinship, etc., do not hold shares in the Company. · In the past two years, there were no situations in which the Company or other related companies received remuneration for providing business, legal, financial, or accounting services.	2
Independent Director Po-Chiao Chou	· Graduated from an accounting school. · Current Convener Of Audit Committee of the Company. · He has over 20 years of experience in corporate business and has served as Managing Director and General Manager of First Commercial Bank, Director and Vice President of First Financial Holding Co Ltd., etc. He has extensive experience in finance and financial related matters. · Currently, he is an Independent Director, CLEVO Co.. · None of the circumstances in the subparagraphs of Article 30 of the Company Act apply.	· An independent director or his/her spouse or second degree of kinship does not serve as a director, supervisor or employee of the Company or any other related company, and does not serve as a director, supervisor or employee of a company with which the Company has a specific relationship. · In the past two years, there were no situations in which the Company or other related companies received remuneration for providing business, legal, financial, or accounting services.	1

Name \ Conditions	Professional qualifications and experience (Note 1)	Independence Circumstances (Note 2)	Number of other public companies where the individual concurrently serves as an Independent Director
Independent Director Xiu-Zong Liang	· At least 20 years of working experience in corporate business with expertise in information, network and management. · Currently, he is the Chairman and CEO of Stark Technology Inc. and a director of the National Information Infrastructure Enterprise Promotion Association. He has extensive experience in information, network and management. · None of the circumstances in the subparagraphs of Article 30 of the Company Act apply.	· An independent director or his/her spouse or second degree of kinship does not serve as a director, supervisor or employee of the Company or any other related company, and does not serve as a director, supervisor or employee of a company with which the Company has a specific relationship. · The independent directors and his or her spouse do not hold shares in the Company. · In the past two years, there were no situations in which the Company or other related companies received remuneration for providing business, legal, financial, or accounting services.	0
Independent director Hui-Fen Chan	· Qualified as an attorney. · At least 20 years of working experience in corporate business with professional qualifications in law and management. · Currently, he is an independent director of (ChipMOS Technology Inc., Dunyang Technology (Co., Ltd.) and Stark Technology Inc. and a director of the legal representative of Kino Co., Ltd. · None of the circumstances in the subparagraphs of Article 30 of the Company Act apply.	· An independent director or his/her spouse or second degree of kinship does not serve as a director, supervisor or employee of the Company or any other related company, and does not serve as a director, supervisor or employee of a company with which the Company has a specific relationship. · The independent directors and second degree of kinship do not hold shares in the Company. · In the past two years, there were no situations in which the Company or other related companies received remuneration for providing business, legal, financial, or accounting services.	2

2. Scope of functions of the Remuneration Committee

   The Remuneration Committee shall exercise the due care of a good administrator, perform the following duties, and shall submit its recommendations to the board of directors for discussion.

   (1) Establishing and periodically reviewing the annual and long-term performance goals for the directors, supervisors, and managerial officers of the Company and

the policies, systems, standards, and structure for their compensation.
(2) Establishing and periodically reviewing the remunerations for directors, supervisors, and managerial officers.

3. Operational Status of the Remuneration Committee
   (1) The Company's Remuneration Committee consists of 4 members.
   (2) Term of office of the members of the previous Committee (the 4th term): June 15, 2018 to June 14, 2021.
   (3) Term of office of the members of the Committee (the 5th term): July 2, 2021 to July 1, 2024.
   A total of 5 (A) Remuneration Committee meetings were held in 2021. The qualifications and attendance of the members are as follows:

Title	Name	Attendance in person (B)	Times of proxy attendance Frequency	Actual attendance rate (%) (B / A)	Remark
Convener of the 4th term	Po-Chiao Chou	5	0	100	Re-elected on July 2, 2021.
Member	Xiu-Zong Liang	5	0	100	Re-elected on July 2, 2021.
Member	Hui-Fen Chan	5	0	100	Re-elected on July 2, 2021.
Member	Yu-Chin Tsai	3	0	100	Terminated on July 2, 2021.
Convener of the 5th term	Zhao-Rong Yang	2	0	100	Newly elected on July 2, 2021.

Other issues to be recorded:
1. Where the board of directors does not adopt or amend the recommendations of the Remuneration Committee: None.
2. Any objections or qualified opinions made by the members against the resolutions of the Remuneration Committee: None.
3. Date, term, content of proposals, results of resolutions of the most recent annual meeting of the Remuneration Committee:

Remuneration Committee Term of meeting and date of resolution	Proposal content	Resolution results and subsequent processing
The 12th meeting of the 4th Remuneration Committee January 5, 2021	1. Passed the proposal on the distribution provision ratio of remunerations for employees and directors for 2021.	All the members of the Remuneration Committee have expressed no objection or qualified opinions to the proposals on the left, which have been adopted by all the committee members.
The13th meeting of the 4th Remuneration Committee January 29, 2021	1. Proposal on the distribution of year-end bonus of Chairman for 2020. 2. Proposal on the distribution of year-end bonus of managerial officers for 2020.	
The 14th meeting of the 4th Remuneration Committee March 23, 2021	1. Personnel - Appointed I-Liang Lin as Deputy General Manager of the Group's Marketing OEM Center and the Director of the Manufacturing Division of the Xinpu Plant, Po-Kung Wang, as the Manager. 2. Proposal on the distribution of the remunerations for directors and employees in 2020.	
The 2nd meeting of the 5th Remuneration Committee	1. Proposal on amending some provisions of the “Organizational Procedures of the Remuneration Committee” of the Company. 2. Establishment of the Company's "Procedures for	

July 27, 2021	Remuneration of Directors". 3. Proposal on internal personnel participating in the allocation of employee stocks for 2021. 4. Proposal on payment of remunerations for directors of the Company in 2020. 5. Proposal on payment of remunerations for managerial officers and employees of the Company in 2020. 6. Personnel - Promoted Cheng-Hsin Chen as the General Manager of Guangzhou FPC Plant.	

(V) Execution Status of Sustainable Development and Deviations from " Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons

Evaluation Items	State of Operations			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx-Listed Companies and Reasons
	Yes	No	Summary	
I. Has the Company established a governance structure to promote sustainable development and set up a special or part-time unit to promote sustainable development, which is authorized by the Board of Directors to be handled by senior management, and is supervised by the Board of Directors?	V		In 2017, the Company began to focus on the management of sustainability issues and established the Sustainable Development Working Group. Currently, the Finance Department, the Management Department, the Industrial Safety and Health Department, and the Legal Department are part-time units responsible for promoting sustainable development, with the CEO as the convener and the Head of Corporate Governance coordinating the planning and handling and implementation in accordance with the relevant management regulations, in order to implement corporate governance, develop a sustainable environment, uphold social justice, and strengthen the disclosure of information on sustainable development.	No major deviations.
II. Has the company assessed the environmental, social, and corporate governance risks related to its operations based on the principle of materiality and established related risk management policies or strategies?	V		(I) The Company has prepared a sustainability report since 2017, with the risk boundary based on the parent company in Taiwan, and will gradually include the Wuxi plant, Dongguan plant, Guangzhou PCB and Jiangxi plant from 2020 onwards. (II) The Sustainability Working Group conducts analysis based on the materiality principle, communicates with internal and external stakeholders, integrates information from various departments and subsidiaries, evaluates ESG issues of materiality, and formulates effective risk management policies and takes specific action plans to reduce the impact of related risks. (III) Based on the assessed risks, the relevant risk management policies or strategies are established as described in the	No major deviations.

Evaluation Items	State of Operations			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx-Listed Companies and Reasons
	Yes	No	Summary	
			Sustainability Report of the Company on in point (8) of this annual report (page 71).	
III. Environmental Issues (I) Has the Company established a suitable environmental management system based on the characteristics of its industry?	V		(I) The Company has established a complete written environmental protection policy, and passed the ISO14000 certification, and complies with the provisions of EU RoHS (Restriction of Hazardous Substance). It has established a complete written environmental protection policy, and passed the ISO14000 certification, and complies with the provisions of EU RoHS (Restriction of Hazardous Substance). All plants have obtained the certification of the environmental management system (ISO14001), the occupational health and safety assessment system (OHSAS) and the hazardous material process management system (IECQ QC08000), continuously performed environmental safety and health management, and complied with the relevant environmental laws and regulations.	No major deviations.
(II) Is the company committed to improving the efficient use of resources and utilize renewable resources to reduce environmental impact?	V		(II) The Company is committed to the source/energy improvement and the improvement of the recovery and reuse rate of various resources. For example, the RTO exhaust gas combustion equipment is a highly efficient, energy saving and environmental protection device that can recycle heat energy and remove organic waste gas, solve the air pollution problem and save fuel cost.	No major deviations.
(III) Has the Company evaluated the current and future potential risks and opportunities for the Company arising from climate change and adopted corresponding measures according to aspects related to climate?	V		(III) The Company attaches great importance to issues brought about by climate change. In order to conduct systematic management, the Company has set up an ISO14001 environmental management system to continuously improve its environmental performance by means of PDCA (Plan-Do-Check-Act), and has obtained external third-party verification.	No major deviations.
(IV) Has the Company calculated the greenhouse gas emissions, water consumption, and total weight of waste for the past two years and established the policies with regard to energy conservation and carbon reduction,	V		(IV) Greenhouse gas energy conservation and carbon reduction management policies: The Xinpu plant has implemented the ISO 50001 energy management system (valid from November 12, 2020 to November 12, 2023), and was certified by SGS in November 2020.	No major deviations.

Evaluation Items	State of Operations			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx-Listed Companies and Reasons
	Yes	No	Summary	
greenhouse gas reduction, water consumption reduction, and other waste management?			The Company annually checks greenhouse gas emissions, grasps and proposes feasible plans for greenhouse gas reduction, implements the emission reduction work plan, and actively discloses greenhouse gas management information and energy conservation and carbon reduction performance in CSR reports for the reference of stakeholders. With reference to the planning, development and plant design of the "Key Operation Points on Green Plant Label Promotion" set out by the Bureau of Industry of the Ministry of Economic Affairs, Xinpu Plant promotes energy saving and carbon reduction from both the hardware and software aspects of the plant. The plant is designed to replace heavy oil fuel with natural gas and adopt Regenerative Thermal Oxidizer (RTO) exhaust gas recovery to reduce greenhouse gas emissions with a recovery rate of 95%. In terms of software, we continuously track and improve the use of relevant energies and resources through the operation of the environmental management system (ISO14001), declares the energy consumption and energy saving operation plan to the Bureau of Energy, Ministry of Economic Affairs in accordance with the requirement of the Energy Management Act, and carries out internal announcement of the "Operation Standards of Water and Electricity Saving", emphasizing the joint efforts of all staff to achieve energy saving and carbon reduction from daily operations. Water and electricity saving management policies: 1. Promote water-saving management, effectively achieve the water-saving utility of recycling, achieve a recycling efficiency of more than 80%, with recycled water used for toilet flushing. 2. The energy conservation programs promoted by us in the past two years include the addition of chilled water for main engine (with power saving efficiency of 8.1%) and the replacement of air compressors (with power saving	

Evaluation Items	State of Operations			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx-Listed Companies and Reasons
	Yes	No	Summary	
			efficiency of 37.5%). 3. Rental of environmentally friendly photocopiers, use of recycled photocopying paper, and use of environmentally friendly toners to reduce the impact on the environment, and continued to promote the use of electronic forms in 2019, reducing the consumption of photocopying paper year by year. Waste management policies: The packaging materials used in production (pallet and copper foil wood box) shall be recycled by the supplier to reduce the cost of new purchase of pallets, copper foils and woods, and reduce the generation of waste. Greenhouse gas emissions, water consumption and waste consumption statistics for the last two years are described in detail in point (12) of this annual report (page 69).	
IV. Social Issues (I) Has the Company set up management policy and procedures according to related laws and regulations and the International Human Rights Treaty?	V		(I) In accordance with the Labor Standard Act and relevant laws and regulations, the Company has established the code of practice for employees and CSR policies, and revised the relevant policies according to the law. We also refer to the Code of Conduct established by the Responsible Business Alliance (RBA, formerly the Electronic Industry Citizenship Coalition) as the standard of internal management. In addition, in order to coordinate labor relations, labor meetings are held regularly or irregularly according to the implementation rules of labor meetings. Relevant labor policies and human right protection are disclosed on the Company's official website.	No major deviations.
(II) Has the Company established and implemented reasonable employee's welfare measures (including remuneration, leave, and other benefits) and reflect the operating performance or results in employee's remuneration?	V		(II) The Company has formulated "Work Rules", "Remuneration Management Measures", "Employee Performance Evaluation Management Measures", "Employee Promotion Management Measures", "Employee Reward and Punishment Management Measures" and so on in accordance with relevant laws and regulations. Through the public performance appraisal	No major deviations.

Evaluation Items	State of Operations			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx-Listed Companies and Reasons
	Yes	No	Summary	
			standard and system, it implements performance management, hoping to integrate the Company's overall operating objectives and the staff's individual work objectives through the performance management operation, as the evaluation and feedback of the annual working performance of employees, and the basis for their follow-up training and development. The Articles of Association of the Company stipulates that at least 2% of the profit of a year (if any) shall be set aside for the remuneration of employees of the Company and its affiliated companies. For details of other related welfare measures, please refer to (pages 106~109) of the chapter on labor relations in this annual report.	
(III) Has the company provided employees with a safe and healthy working environment, and routinely implemented safety and health education for employees?	V		(III)The Company regards employees as the biggest asset, and sets the employee safety and health working rules, occupational health and safety management plan, strengthens independent inspection and environmental management, regularly arranges operators to accept internal and external training, annual physical examination, fire management, environmental monitoring of operation and so on, aiming to promote the environment health and safety performance of the plant according to the environmental health and safety regulations of the plant, and, through continuous education, training and publicity, develops the emergency response ability and correct safety concept of employees, strengthens the cognitive ability of employees, reduces the occurrence of accidents caused by unsafe behaviors. In addition, it also carries out the following educational training and health examinations: 1. Newcomers' occupational safety and health training: to establish employees' awareness of safety and health. 2. Supervisor's OSH training: to establish the awareness of OSH of supervisors. 3. Newcomers' training on general knowledge on hazards: to establish employees' awareness of chemical hazards and how to use protective equipment. 4. In-service refresher training on labor	No major deviations.

Evaluation Items	State of Operations			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx-Listed Companies and Reasons
	Yes	No	Summary	
			safety/fire/fire extinguishing/shelter. 5. Semi-annual emergency response drills. 6. Annual health examination. 7. Setting AED (Automatic External Defibrillator) in the plant, and holding AED operation training and CPR training. In 2021, the Group had 3 people injured at work, accounting for 0.08% of the total number of employees at the end of 2021, and did not achieve the target of 0 accidents at work: 1. Investigate and formulate improvement plans or countermeasures, revise management methods, and enhance employee education and training for the accident equipment and operating environment to avoid repetitive accidents. 2. The plant implements a return-to-work coordination mechanism to enable sick and injured employees to return to their original positions or arrange temporary work.	
(IV) Has the Company established an effective competency development career training program for employees?	V		(IV) The Company attaches great importance to the long-term cultivation of talents, and has formulated the "Education and Training Management Procedures" and sound training architecture, irregularly check personnel functions, and has its managers to evaluate the functions and development potential of employees, plans the education and training of the next year according to the organization, department and individual needs at the end of each year, arranges the internal and external training plans, so as to ensure that the employees can carry out the work in the existing positions, and at the same time develop the professional functions that are necessary for promotion.	No major deviations.
(V) Has the Company complied with relevant regulations and international standards regarding issues such as customers' health and safety, customer privacy, marketing and labeling for products and services, and established relevant policy and appeal procedures to protect consumer and client rights?	V		Our customers are not end consumers, but we have sufficient communication channels and effective ways to deal with them. The Company regards "customer-oriented" as its key business philosophy. In order to achieve the goal, we attach importance to product quality and provide after-sales service to meet customer needs. The Company's website, telephone, and special zone for stakeholders have special appeal channel and E-mail service@iteq.com.tw, to provide first-time response and improvement. It has established a complete written environmental	No major deviations.

Evaluation Items	State of Operations			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx-Listed Companies and Reasons
	Yes	No	Summary	
			protection policy, and passed the ISO14000 certification, and complies with the provisions of EU RoHS (Restriction of Hazardous Substance). All plants have obtained the certification of IATF 16949 system, the environmental management system (ISO14001), the occupational health and safety assessment system (OHSAS18001) and the hazardous material process management system (IECQ QC08000, continuously performed environmental safety and health management, and complied with the relevant environmental laws and regulations.	
(VI) Has the Company established the management policies for suppliers and required suppliers to comply with relevant requirements in terms of environmental protection, occupational safety and hygiene, or laborers' human rights?	V		(V) The Company has established a "Supplier Management Procedure" in which all major suppliers of raw materials are required to be audited, evaluated and audited in order to control their risks and ensure sustainable management. We have taken into account the Responsible Business Alliance (RBA) and international norms in our supplier evaluations and audits, including environmental substance management, site environmental management, occupational health and safety, labor, and ethics and morals. In addition, we fully comply with the laws and regulations of the countries/regions in which we operate. Suppliers are also required to communicate this information to their next-tier suppliers and to monitor compliance by the next-tier suppliers.	No major deviations.
V. Does the Company prepare and publish reports such as its Sustainable Development report to disclose non-financial information of the Company with reference to internationally recognized standards or guidelines for the preparation of reports? Has the company received assurance or certification of the aforesaid reports from a third party accreditation institution?	V		The Company has commissioned SGS Sustainability Services to provide guidance on the introduction of CSR, and has been issuing CSR reports since 2017. From 2021, we started to issue sustainability reports with reference to the international standard for report preparation, and the reports were verified by SGS Taiwan Ltd. to be in compliance with the "Core" option of GRI Standards.	No major deviations.
VI. If the company has established its Sustainable Development Best Practice Principles according to "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies," please describe the operational status and any deviations: The board of directors of the Company has passed and established its "Corporate Social Responsibility Best Practice Principles" since January 2017, so there are no major deviations.				

Evaluation Items	State of Operations			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx-Listed Companies and Reasons
	Yes	No	Summary	
VII. Other information to facilitate better understanding of the company's implementation of Sustainable Development: Corporate social responsibility (CSR) is a mixture of economic responsibility, legal responsibility and moral responsibility. Based on the principle of honest management, the Company starts from small steps to protect the environment and ecology, respect human rights and employee rights, enhance the disclosure and transparency of financial information, strengthen the relationship between stakeholders, protect the rights and interests of consumers, maintain fair competition, and strengthen anti-bribery and corruption prevention. This year, it has donated money to local communities to organize activities, and regularly cooperated with technology university, etc. ITEQ Loves the Earth - Stop Dropping Garbage on Ground - The Welfare Committee of ITEQ calls on the Company's employees to participate in the “Stop Dropping Garbage on Ground” campaign to guard the community environment and make the community more beautiful.				

(VI) Implementation of ethical corporate management and deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof

Evaluation Items	State of Operations			Discrepancies with the Ethical Corporate Management of TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary	
I. Formulating policies and plans for Ethical Corporate Management (I) Has the Company established the ethical corporate management policies approved by the Board of Directors and specified in its rules and external documents the ethical corporate management policies and practices and the commitment of the Board of Directors and senior management to rigorous and thorough implementation of such policies?	V		(I) The Company has always adhered to the principle of honest business operation, complied with laws and regulations, implemented corporate governance, and fulfilled its corporate responsibilities. In January 2017, the Company promulgated the "Ethical Corporate Management Best Practice Principles" and the "Operating Guide for Ethical Corporate Management Best Practice Principles Best Practice Principles". The board of directors and senior management have also pledged to actively implement and supervise the implementation of the ethical corporate management policy.	No major deviations.

Evaluation Items	State of Operations			Discrepancies with the Ethical Corporate Management of TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary	
(II) Has the Company established a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activity within its business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly, which shall at least include the preventive measures specified in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?	V		(2) According to the Ethical Corporate Management Best Practice Principles and the "Operating Guide for Ethical Corporate Management Best Practice Principles Best Practice Principles" promulgated by the Company, it also specifies the contents, handling standards and procedures of dishonest conducts. The company has set up a disciplinary and complaint system which is linked to the employee performance appraisal. In addition, every new employee is required to sign the "Integrity Convention on Employee Practices" to remind colleagues to avoid any breach of integrity. Any employee who breaks will be punished in different degrees according to the seriousness of the circumstances. The Company also encourages internal and external personnel to report dishonest or improper conducts to implement honest operation, and ensures the legitimate rights and interests of the informants and the counterparts.	No major deviations.
(III) Has the company specified in its prevention programs the operating procedures, guidelines, punishments for violations, and a grievance system and implemented them and review the prevention programs on a regular basis?	V		(III) The Company reviews the dishonesty risks that may exist at any time, and formulates in the “Code of Ethical Conduct” that, directors or managerial officers shall be fair to the customers, competitors, and employees of the Company, shall not obtain improper benefits through manipulation, concealment, abuse of information obtained in the course of their positions, misrepresentation of material matters, or other unfair transactions. If involved in unethical conduct, they will be prosecuted or punished by judicial or administrative organs.	No major deviations.
II. Implementing integrity operation (I) Has the company assessed the integrity records of its transaction counterparties, and specified ethical business policy in contracts with them?	V		(I) The Company has specified the incorruptible clause in the commercial contract template. If there is any breach of the incorruptible clause, the total amount of such contract transaction will be charged as punitive liquidated damages.	No major deviations.
(II) Has the company set up a dedicated unit under the Board of Directors to promote ethical corporate management and regularly (at least once every year) report to the Board of Directors the implementation of the ethical corporate management policies and prevention programs against unethical conduct?	V		(II) The Company designates the Operation Management Committee as a special unit responsible for promoting the promotion and implementation of the integrity management within the Company. The Company reported to the board of directors on January 19, 2022 on the implementation and results of the ethical management promotion, and thereafter to report to the board of directors at least once a year on a regular basis to ensure	No major deviations.

Evaluation Items	State of Operations			Discrepancies with the Ethical Corporate Management of TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary	
			compliance with the Company's Ethical Corporate Management Best Practice Principles	
(III) Does the Company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement such policy properly?	V		(III) If there is a conflict of interest and it is necessary to withdraw, the relevant party shall withdraw by itself, which has been stipulated in the Ethical Corporate Governance Best Practice Principles, the Code of Ethical Conduct and the Rules of Procedure of the Board of Directors. In case of any violation by directors or managerial officers, the Company shall take disciplinary measures in accordance with relevant regulations.	No major deviations.
(IV) Has the Company established an effective accounting system and internal control systems to implement ethical corporate management, and has the internal audit unit prepared relevant audit plans according to the evaluation results for the risk of unethical conduct, and based on which, audited the compliance with the prevention programs for unethical conduct, or has the Company engaged CPAs for performing such audits?	V		(IV) The Company has established an internal control system, an accounting system and various management rules and regulations, and has implemented the requirements of ethical corporate management. The internal audit unit draws up the audit plan according to the risk assessment result, carries out regular audit operation and special audit from time to time according to the demand, provides improvement suggestions timely to ensure the continuous and effective implementation of the internal control system, and reports the audit results to the Audit Committee and the board of directors.	No major deviations.
(V) Does the Company host routine internal and external training course towards business integrity practices?	V		(V) As for the internal education and training on honest business practices of the Company, the Company declares the principles of the Company's honest business practices when training new employees, and holds courses on corporate governance and honest business practices from time to time, requiring employees to participate in them; As for the external education and training of honest business practices, the Company publicizes the principles of honest business practices to suppliers, customers or other business related organizations and personnel from time to time, so as to prevent dishonest business practices. In addition, internal and external education training (including environmental safety and health training, code of conduct for honest management, information security, accounting system and internal control) will be held in 2021 for a total of 3,678 participants and 3,213 hours, and the operation was reported to the board of	No major deviations.

Evaluation Items	State of Operations			Discrepancies with the Ethical Corporate Management of TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary	
			directors on January 19, 2022	
III. Operation of the whistleblowing system (I) Has the company established a specific whistleblowing and reward system, set up convenient whistleblowing channels and designated appropriate personnel?	V		(I)(II) The Company has mailbox for stakeholders in the Company's web site, and has employee complaint procedures in the "General Manager Mailbox Management Measures", the "Staff Working Rules", suggestion box and General Manager mailbox in the public area of the Company, provides channels to help employees solve various problems and safeguard the due rights, and strengthens propaganda of morality, encourages reporting to the audit supervisor, managerial officer or other appropriate personnel any violation of the Code of Ethical Conduct and other relevant laws and regulations, and keeps the identity and information of the responders confidential.	No major deviations.
(II) Does the Company establish standard investigation operation and procedure for whistle-blowing matters, follow-up measures to be adopted after the investigation, and relevant confidential mechanisms?	V			No major deviations.
(III) Has the Company established protection measures for whistle-blower from mishandling against them?	V		(III) The Company files and handles any reported case in a confidential manner, and assigns special personnel to handle the case, so as to ensure the privacy of the informant and prevent him from being disposed of improperly.	No major deviations.
IV. Strengthening information disclosure Has the Company disclosed the content and effectiveness of its ethical corporate management best practice principles on its website and the Market Observation Post System (MOPS)?	V		The Company has set up a corporate website and provided annual report information on the website and on the MOPS to reveal the performance of the ethical corporate management of the Company.	No major deviations.
V. Where the Company has stipulated its own ethical corporate management best practices according to the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies," please describe any differences between the prescribed best practices and the actual activities taken by the company: The Ethical Corporate Management Best Practice Principles and the Operating Guide for Ethical Corporate Management Best Practice Principles were adopted by the Board of Directors of the Company in January 2017, and were amended by the Board of Directors on March 14, 2018 in accordance with the statutory change, so there were not major deviations.				
VI. Other important information that facilitates the understanding of the implementation of ethical corporate management (such as review and amendment of the Company's Ethical Corporate Management Best Practice Principles): The Company adheres to principle of integrity when negotiating with customers, performing the contract content, and seeks for, negotiates and performs all contracts in a fair and ethical way. Externally, suppliers are required to sign a "Supplier's Corporate Social Responsibility Undertaking" and a "Declaration of Integrity", which cover the requirements of ethical corporate management and corporate social responsibility.				

(VII) Disclosure and inquiry methods of corporate governance code and related regulations

Important regulations	Disclosure and inquiry methods
Articles of Association Rules of Procedure of Shareholders' Meeting Procedures for Election of Directors and Supervisors Rules of Procedure of the Board of Directors Operating Procedures of Endorsement and Guarantee Operating Procedures of Lending Funds to Others Procedures for the Acquisition or Disposal of Assets Rules on the Scope of Responsibilities of Independent Directors Management Measures of Transactions between Related Parties Corporate Governance Best Practice Principles Internal Critical Information Processing Procedures Code of Ethical Conduct Operating Procedures of Application for Suspension and Resumption of Trading Ethical Corporate Management Best Practice Principles Operating Guide for Ethical Corporate Management Best Practice Principles Corporate Social Responsibility Best Practice Principles Standard Operating Procedures for Handling Requests from Directors Performance Evaluation Measures and Procedures of the Board of Directors Insider trading prevention method	Market Observation Post System: http://mops.twse.com.tw Inquire in “Corporate Governance” zone Company website: http://www.iteq.com.tw Inquire in Investor Regulations / “Important Regulations”

(VIII) Other material information that can enhance the understanding of the state of Corporate Governance at the Company:

1. Employee rights and employee wellness:
   The Company has deepened its understanding of the diversity of the workplace (culture and gender), formulated the best action plan, and respected the freedom of assembly and association of workers and the right to negotiate between employers and employees. It has also established an Employee Welfare Committee and implemented a pension system and encouraged employees to participate in various training courses and technical seminars at home and abroad, planned employee group insurance and arranged regular health examinations, attached importance to labor relations, provided equal employment opportunities, and established communication channels for employees to encourage employees to communicate directly with management.

2. Investor Relations

The Company has a spokesman and an acting spokesman, and has set up a shareholder Q&A function on the company website (distinguishing relevant businesses, financial and other investor mailbox and stock affair agency contact method) as the channel for the Company to express opinions or reply to investors' questions. If necessary, you can contact by telephone or E-mail at any time.

3. Supplier Relations
   Adhering to the spirit of voluntary carbon reduction, the Company has started continuous promotion of quality and the environment and material management system several years ago, established good communication channels with suppliers, performed relevant certification and investigation to learn about the promotion situation and plan execution, and extended the responsibilities upwards and downwards, requiring suppliers to keep supply quality in line with the green environmental protection laws and regulations and international rules, actively expanding the important certification applications essential for the market, and jointly promoting the enterprise level.
4. Rights of stakeholders:
   The Company has established "Transaction Management Measures for Related Parties" and the "Processing Procedures for Internal Critical Information" to strengthen the rigor of Internal control. The directors, managerial officers and employees of the Company that may obtain material internal information of the Company due to their identity, occupation or control relationship, have all performed their duties of loyalty and care as good managers, carried out their business with a high degree of self-discipline and prudence, and strictly abode by the relevant regulations of the relevant competent authorities on the handling, disclosure and confidentiality of material information, and implemented the spokesperson system and set up dedicated personnel to dispose of major internal information, so as to improve the relationship between stakeholders. In addition to the priority to express their opinions on the Company's operating performance, the shareholders also respect and try to satisfy the requirements of all stakeholders (shareholders, employees, customers, suppliers, and community).
5. Continuing training of directors (2021)

Title	Name	Date of Professional Training	Organizer	Course Name	Refresher Training Hours
Chairman	Chin-Tsai Chen	2021.04.26	Taiwan Corporate Governance Association	Full Activation of Enterprise Digital Resilience - From Ransomware to Emergency Response and Recovery	3
Chairman	Chin-Tsai Chen	2021.08.19	Taiwan Insurance Institute	Board Enhancement - Corporate Integrity and Anti-Money Laundering	3
Chairman	Chin-Tsai Chen	2021.09.01	Digital Governance Association	Impact of the Commercial Court on the operation of the Board of Directors and the execution of duties by directors	3
Chairman	Chin-Tsai Chen	2021.10.28	Taiwan Institute of Directors	ESG and Sustainability Governance in the Life Insurance Industry	3
Director	Hsin-Hui Tsai	2021.09.01	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum (afternoon session)	3
Director	Hsin-Hui Tsai	2021.12.07	TWSE	2021 Cathay Sustainable Finance and Climate Change Summit	6
Director	Representative of WIN Semiconductors Corp.: Ching-Chou Tseng	2021.09.01	Digital Governance Association	Impact of the Commercial Court on the operation of the Board of Directors and the execution of duties by directors	3
Director	Representative of WIN	2021.10.01	Securities and Futures Institute	Global Risk Awareness - Opportunities and Challenges for	3

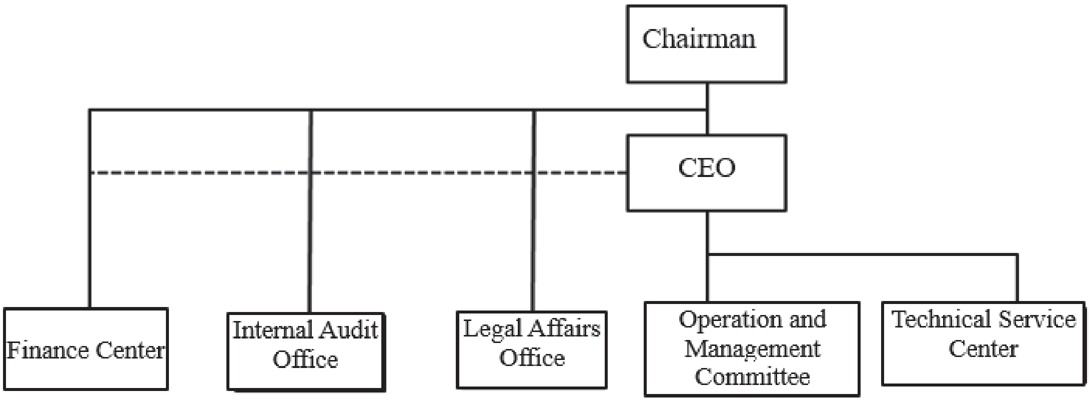
Title	Name	Date of Professional Training	Organizer	Course Name	Refresher Training Hours
	Semiconductors Corp.: Ching-Chou Tseng			the Next Decade	
Director	Representative of WIN Semiconductors Corp.: Ching-Chou Tseng	2021.10.15	Securities and Futures Institute	2021 Legal Compliance Briefing for Insider Stock Transactions	3
Director	Representative of WIN Semiconductors Corp.: Ching-Chou Tseng	2021.11.05	Taiwan Corporate Governance Association	Securities lawsuits and directors' liability (including insider trading)	3
Director	Representative of Fu-Cun Development Co., Ltd.: Shih-Fang Cheng	2021.09.01	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum (morning session)	3
Director	Representative of Fu-Cun Development Co., Ltd.: Shih-Fang Cheng	2021.10.15	Securities and Futures Institute	2021 Legal Compliance Briefing for Insider Stock Transactions	3
Director	Representative of Fu-Cun Development Co., Ltd.: Jin-Yuan Wang	2021.09.01	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum (morning session)	3
Director	Representative of Fu-Cun Development Co., Ltd.: Jin-Yuan Wang	2021.10.20	Securities and Futures Institute	2021 Legal Compliance Briefing for Insider Stock Transactions	3
Director	Representative of Fu-Cun Development Co., Ltd.: Jin-Yuan Wang	2021.10.27	Taiwan Academy of Banking and Finance	Corporate Governance & Business Sustainability Seminar (the 17th term)	3
Director	Representative of Fu-Cun Development Co., Ltd.: Jin-Yuan Wang	2021.11.09	Securities and Futures Institute	2021 Insider Trading Prevention Seminar	3
Independent Director	Zhao-Rong Yang	2021.09.01	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum (morning session)	3
Independent Director	Zhao-Rong Yang	2021.09.01	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum (afternoon session)	3
Independent Director	Zhao-Rong Yang	2021.10.15	Securities and Futures Institute	2021 Legal Compliance Briefing for Insider Stock Transactions	3
Independent Director	Zhao-Rong Yang	2021.11.05	Securities and Futures Institute	2021 Insider Trading Prevention Seminar	3
Independent Director	Po-Chiao Chou	2021.09.01	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum (morning session)	3
Independent Director	Po-Chiao Chou	2021.11.12	Corpporate Operating and Sustainable Development Association	Discussing business strategy and M&A strategy of Taiwan businessmen from global political and economic situation	4
Independent Director	Po-Chiao Chou	2021.12.07	TWSE	2021 Cathay Sustainable Finance and Climate Change Summit	6
Independent Director	Xiu-Zong Liang	2021.10.20	Securities and Futures Institute	2021 Legal Compliance Briefing for Insider Stock Transactions	3

Title	Name	Date of Professional Training	Organizer	Course Name	Refresher Training Hours
Independent Director	Xiu-Zong Liang	2021.11.26	Taiwan Corporate Governance Association	2030/2050 Net Zero Emissions - Sustainability Challenges and Opportunities for Global Business	3
Independent Director	Hui-Fen Chan	2021.08.10	Taiwan Corporate Governance Association	Prevention of insider trading and insider share trading	3
Independent Director	Hui-Fen Chan	2021.08.10	Taiwan Corporate Governance Association	ESG and Corporate Governance 3.0	3

Note: All of the above are in line with the duration, scope, system, arrangement and information disclosure of the training courses specified in the “Key Points for the Training of Directors and Supervisors of TWSE/GTSM Listed Companies”.

6. Risk management policy and state of implementing risk impact standards:
   (1) Risk management policy
   With reference to the professional technology and concepts of risk assessment at home and abroad, the Company actively implements risk prevention and loss control, uses effective risk management system and organizes all employees to participate in education and training, performs continuous improvement with zero risk as the ultimate goal. For other details, please refer to the "Risk Issues" (page 124) in the section "Review and Analysis of Financial Conditions and Operating Results and Risk Issues".

   (2) The Organizational Structure of Risk Management



To effectively promote the risk management of the Company, in accordance with the nature of various departments, the Company regularly and irregularly holds meetings, weekly supervisor meetings and monthly and quarterly business review meetings to conduct risk assessment, prevention and loss control analyses, and sets objectives and targets according to the analysis results, proposes improvement plans, which, after checking by top executive, are submitted to the various units to perform management review, and regularly tracks the implementation status of the plans and reports the implementation progress to the board of directors.

The powers and responsibilities of the risk management executing units are as follows:

Unit	Responsibility
CEO	Short, medium and long-term development strategy, project, planning and management analysis.
Operation and Management Committee	Coordinate product manufacturing and production scheduling control, material supply and demand planning to ensure the stability of product supply. Coordinate the procurement of raw materials and production equipment, import and export bonded business, overall management of the personnel and administration of the Company, and be responsible for network planning, operation and maintenance of network quality to reduce network operation risk.
Technical Service Center	Responsible for marketing strategy, customer service and product promotion, keeping track of market trends, providing market and technical information for future research and development of new products and formulation of business strategies to reduce business operation risks. Responsible for product quality verification and new product

Unit	Responsibility
	and material development.
Internal Audit Office	Responsible for the revision and promotion of internal control system and strengthening self-check function to strengthen the function of internal control.
Finance Center	Responsible for financial scheduling and application, group credit risk control, new investment project evaluation and strategic planning, and establishing hedging mechanism to reduce financial risks.
Legal Affairs Office	Abide by government regulations, be responsible for legal risk management, and deal with contract and litigation disputes to reduce legal risk.

7. Implementation of customer policies
   Maintain a stable and good relationship with customers, understand customers' needs, adjust related operating standards according to their needs, and cooperate with customers for continuous audit and improvement, so as to ensure that customers' needs are met, and create company profits and achieve win-win goals.
8. Implementation of diversity of board members
   The Company's "Code of Corporate Governance Practices" has specified that the composition of the Board of Directors should consider diversity and formulate appropriate diversity guidelines for its operations, business model and development needs.

   The Company's Board of Directors consists of nine directors. The Board of Directors as a whole is capable of meeting the needs of the Company's future development and implementing the Company's policy of diversifying its Board of Directors, with the goals of having at least two female directors, at least two independent directors whose terms of office do not exceed nine years, and no more than one-third of the seats of directors with employee status. All directors have implemented diversity as follows:
   V 33% of female directors and 67% of male directors (target achieved)
   V 2independent directors serve for a continuous period of not more than 9 years (target achieved)
   V 22% of directors with employee status (target achieved)
   V 2 directors aged 70 or older, 3 directors aged 60-69, and 4 directors aged 50-59.

Title	Name	Nationality	Gender	Age	Diversity program						Employee Position
					Operation and Management	Industrial Knowledge	Finance and Law	Industrial Technology	Marketing	Information technology	
Chairman	Chin-Tsai Chen	R.O.C.	Male	Over 70	✓	✓	✓		✓		✓
Director	Hsin-Hui Tsai	R.O.C.	Female	50-59	✓	✓	✓		✓		✓
Director	Ching-Chou Tseng	R.O.C.	Male	50-59	✓	✓	✓		✓		
Director	Shih-Fang Cheng	R.O.C.	Female	50-59	✓	✓	✓		✓		
Director	Jin-Yuan Wang	R.O.C.	Male	60-69	✓	✓		✓	✓	✓	
Independent Director	Zhao-Rong Yang	R.O.C.	Male	60-69	✓	✓	✓		✓		

Independent Director	Po-Chiao Chou	R.O.C.	Male	Over 70	✓	✓	✓		✓		
Independent Director	Xiu-Zong Liang	R.O.C.	Male	60-69	✓	✓		✓	✓	✓	
Independent Director	Hui-Fen Chan	R.O.C.	Female	50-59	✓	✓	✓				

9. Circumstances in which the Company purchases liability insurance for group directors and supervisors

Insured objects	Insurer	Insured amount (Note)	Insurance period
The current directors of the Company (including the natural person representatives of corporate directors), managerial officers and key officers of the Company (including directors or key officers appointed by the Company to external bodies).	Fubon Insurance Co., Ltd.	US$15 million	January 01,2021~ December 31,2021

Note: Each claim and the cumulative total of the year.

10. Participation of managerial officers in refresher education and training related to corporate governance

Title	Name	Date of Professional Training	Organizer	Course Name	Refresher Training Hours
CEO and General Manager	Hsin-Hui Tsai	2021.09.01	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum (afternoon session)	3
CEO and General Manager	Hsin-Hui Tsai	2021.12.07	TWSE	2021 Cathay Sustainable Finance and Climate Change Summit	3
Chief Accounting Officer	Jung-Tsan Chou	2021.11.24	Accounting Research and Development Foundation, the Republic of China	Legal Compliance for Corporate Sustainable ESG - Renewable Energy and Investing in Green Energy	6
Chief Accounting Officer	Jung-Tsan Chou	2021.12.01	Accounting Research and Development Foundation, the Republic of China	Common deficiencies in the preparation of corporate financial statements and compliance with internal audit and internal control laws	6
Deputy Accounting Supervisor	Jun-Ren Huang	2021.10.22	Accounting Research and Development Foundation, the Republic of China	Case Study on "Financial Statement Fraud" and Related Legal Liability	3
Deputy Accounting Supervisor	Jun-Ren Huang	2021.11.01	Accounting Research and Development Foundation, the Republic of China	Analysis of the positive impact of ESG on companies	3
Deputy Accounting Supervisor	Jun-Ren Huang	2021.12.01	Accounting Research and Development Foundation, the Republic of China	Common deficiencies in the preparation of corporate financial statements and compliance with internal audit and internal control laws	6
Chief Corporate Governance Officer	Jung-Tsan Chou	2021.04.27	Internal Audit Association of the Republic of China	Seminar on Trends of Intellectual Property Management and Practical Applications for Enterprises	6
Chief Corporate Governance Officer	Jung-Tsan Chou	2021.05.18	Accounting Research and Development Foundation, the Republic of China	New Corporate Sustainability Policy and Anti-Corruption Analysis	3
Chief Corporate Governance Officer	Jung-Tsan Chou	2021.09.01	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum (morning session)	3
Chief Corporate Governance Officer	Jung-Tsan Chou	2021.11.03	Securities and Futures Institute	2021 Insider Trading Prevention Seminar	3
Audit Supervisor	Li-Pao Hsieh	2021.10.05	The Institute of Internal Auditors-Chinese Taiwan	Risk-based internal audit approach and practice	6
Audit Supervisor	Li-Pao Hsieh	2021.10.20	The Institute of Internal Auditors-Chinese Taiwan	Audit Skill Practice	6

11. Implement audit and self-inspection

The Company follows the laws and regulations to establish a complete internal control system which has been effectively implemented. The Internal Audit Office implements and measures the effectiveness and compliance degree of the current control system and procedures according to the internal audit operation standards. The scope includes the relevant operations of the Company and its subsidiaries; Each unit of the Company also implements the good management responsibility and regularly handles the self-evaluation and improvement of internal control system.

The audit is carried out in accordance with the audit plan approved by the board of directors, and special audit is carried out as necessary; integrating the results of the planned and specific audits, the Company provides the information on the operational status of internal control and the existing deficiencies or potential risks of the management, so as to enhance the competitiveness of the Company, ensure the continuous and effective implementation of the internal control system, and serve as the basis for evaluating and revising the internal control system.

12. The Company Greenhouse gas emissions, water consumption and waste consumption for the last two years

Item / Year	Greenhouse Gas Emission (metric ton of CO_2)		Water Usage (metric ton)	Waste (metric ton)		
	Scope 1	Scope 2		General Solid	Hazardous	Recyclable
2020	31,396.5	97,318.3	595,244	5,235.3	2,789.8	2,939.3
2021	36,399.1	118,147.4	731,967	4,443.0	2,952.6	3,070.2

Note: Statistics are for the Taiwan plant, Wuxi plant, Dongguan plant, Guangzhou hardboard and Jiangxi plant. Due to the continuous expansion of the Jiangxi plant and the demand for production capacity, total energy consumption increased.

13. The Company has established relevant risk management policies or strategies

Orientation	Significant Issues	Risk Management Description
Environment	Air Pollutant Management	1. Set up the "Exhaust Treatment Practice". 2. Comply with regulatory emission standards and emission controls. 3. Commit to a short-term goal of >96% RTO removal by 2021 emission standards. 4. Regular implementation of emission port measurement and perimeter environmental monitoring.
	Environmental Compliance	1. Implement environmental regulations and set up indicators to regularly track performance and achievement rates to ensure policies. Implementation and compliance with regulatory requirements. 2. Follow the ISO 140001 environmental management policy. 3. Refer to the Plan-Do-Check-Action (PDCA) principle to collect continuously.
Society	Occupational Health and Safety	1. Introduce ISO 45001 safety and health management system and invest capital to improve the safety of the working environment. 2. Hold regular fire drills and industrial safety education training every year to cultivate employees' ability of emergency response and self-safety management.
Corporate governance	Integrity operation	1. Establish the "Code of Integrity Practice Guidelines" as the specific implementation guidelines for the Code. 2. Communication boxes are set up to encourage employees and external parties to make suggestions on matters of integrity in the management of the Company.
	Information security	1. Implement compliance with information security-related laws and regulations. 2. VPN two-factor authentication, encryption of confidential files, prohibition of IM file transfer, offline backups, and guidance on how to avoid falling into phishing traps and scams. 3. Planning to initiate the ISO 27001 (system side) information security introduction project.

(IX) Implementation of internal control system

1. Statement on Internal Control System: see Appendix II (page 139) for details.
2. Any CPA commissioned to conduct a project review of the ICS shall disclose

the CPA's audit report: None.

(X) If the Company and its internal personnel is punished, or the Company imposes punishment upon its internal personnel for violation of internal control system in the most recent year and up to the date of the publication of the annual report, and the penalty result may have a significant impact on shareholders' equity or securities price, the content of punishment, major deficiency and improvement shall be specified: none.

(XII) Significant resolutions made at shareholders' meeting and board meeting in the most recent fiscal year up to the publication date of this annual report

1. Resolutions and implementation of the shareholders' meeting on July 2, 2021:

Material resolutions of the shareholders' meeting	Resolution result/election result	Status of execution
Ratifications: I. The Company's 2020 Business Report and Financial Statements.	After the voting, the votes of assent exceeded the statutory amount, and the proposal is adopted as the case.	The major news announcement of the shareholders' meeting on that day is an important resolution of the shareholders' meeting and disclosed on the company's website.
II. Ratify the proposal on the earning distribution for 2020.	After the voting, the votes of assent exceeded the statutory amount, and the proposal is adopted as the case.	July 25, 2021 was set as the base date for the dividend and the cash dividends were paid on August 6, 2021. (The cash dividend is NT$5 per share.)
Discussions: I. Proposal on amending some provisions of the Company's "Articles of Association".	After the voting, the votes of assent exceeded the statutory amount, and the proposal is adopted as the case.	Subject to the revised “Articles of Association”, which has been registered and approved by the Ministry of Economic Affairs on August 3, 2021 in the letter No. 11001115670, and disclosed on the company website and the Market Observation Post System.
II. Amendment to the "Rules and Procedures of the Shareholders' Meeting".	After the voting, the votes of assent exceeded the statutory amount, and the proposal is adopted as the case.	The major news announcement of the shareholders' meeting on that day is an important resolution of the shareholders' meeting and disclosed on the company's website and in accordance with the revised procedures.
III. Amendment to the "Procedures for the Acquisition or Disposal of Assets"	After the voting, the votes of assent exceeded the statutory amount, and the proposal is adopted as the case.	
IV. Proposal for issuing employee stock warrants at below the market price.	After the voting, the votes of assent exceeded the statutory amount, and the proposal is adopted as the case.	
Elections: General re-elections of the Directors for the Ninth Term.	Elected Directors: Chin-Tsai Chen, Hsin-Hui Tsai, Representatives of Win Semiconductors Corp. and Fu-Cun Development Co., Ltd.: Shih-Fang Cheng, Representative of Fu-Cun Development Co., Ltd.: Jin-Yuan Wang, Independent Directors are Chao-Jung Yang, Po-Chiao Chou, Xiu-Zong Liang, Hui-Fen Chan.	The term of office begins on election and runs from July 2, 2021 to July 1, 2024. The change of directors was approved by the Ministry of Economic Affairs by letter No. 11001115670 dated August 3, 2021. The major news announcement of the shareholders' meeting on that day is an important resolution of the shareholders' meeting and disclosed on the company's website and in accordance with the revised procedures.
Other Matters: Proposal on lifting the non-competition restrictions for newly elected directors and their representatives.	After the voting, the votes of assent exceeded the statutory amount, and the proposal is adopted as the case.	The major news announcement of the shareholders' meeting on that day is an important resolution of the shareholders' meeting and disclosed on the company's website and in accordance with the revised procedures.

2. The following is a summary of the important resolutions of the board of

directors of the Company in 2021 as of the date of publication of the annual report:

Session and date of resolution	Important resolution content	Status of execution
The 16th meeting of the 8th Board of Directors January 5, 2021	1. Passed the group endorsement and guarantee, fund lending situation by the end of November 2020. 2. Passed the proposal on applying for credit lines with banks. 3. Passed the proposal on the distribution provision ratio of remunerations for employees and directors for 2021. 4. Passed the Group's annual operating budget for 2021. 5. Passed the proposal on the Group's capital expenditures in 2021. 6. Passed the proposal on the additional provision of capital expenditures of each plant and the increase of original budget in 2020. 7. Passed the subsidiary's annual audit plan for 2021.	Follow the resolution result.
The 17th meeting of the 8th Board of Directors March 23, 2021	1. Passed the group endorsement and guarantee, fund lending situation by the end of January 2021. 2. Passed the proposal on Personnel - Appointed I-Liang Lin as Deputy General Manager of the Group's Marketing OEM Center and the Director of the Manufacturing Division of the Xinpu Plant, Po-Kung Wang, as the Manager. 3. Passed the proposal on the additional provision of capital expenditures of each plant and the increase of original budget in 2021. 4. Passed the proposal on the "Evaluation on the Effectiveness of Internal Control System" and the "Statement on Internal Control" for 2020. 5. Passed the proposal on amending some provisions of the Company's "Rules of Procedure of the Board of Directors", "Performance Evaluation Measures and Procedures of the Board of Directors", "Rules on the Scope of Responsibilities of Independent Directors", "Organizational Procedures of the Audit Committee", "Operating Procedures for Subsidiaries and Sub-subsidiaries to Lend Funds to Others", "Measures for the Management of Capital Expenditures", "Measures for the Administration of Credit Investigation and Extension", and "Measures for the Administration of Accounts Receivable". 6. Passed the proposal on the distribution of the remunerations for directors and employees in 2020. 7. Passed the proposal on the consolidated financial statements and individual financial statements of 2020. 8. Passed the Company's 2020 Business Report. 9. Passed the proposal on the earning distribution for 2020. 10. Passed the proposal on amending some provisions of the "Articles of Association of the Company", the "Rules of Procedure of the Board of Shareholders" of the Company. 11. Passed the proposal on the general election of the 9th term of directors of the Company. 12. Passed the proposal on accepting shareholders holding more	Follow the resolution result. The major information announcement of the board of directors on that day is an important resolution of the board of directors and was disclosed on the Market Observation Post System.

Session and date of resolution	Important resolution content	Status of execution
	than 1% equity to nominate director nominators. 13. Passed the proposal on the Company's proposed issuance of employee stock options with price lower than market price. 14. Passed the proposal on the time, place and cause of convening the general meeting of shareholders of 2021. 15. Passed 1200,000 pieces of investment plan for the third phase of Jiangxi plant.	
The 18th meeting of the 8th Board of Directors May 4, 2021	1. Passed the group endorsement and guarantee, fund lending situation by the end of March 2021. 2. Passed the proposal on applying for credit lines with banks. 3. Passed the proposal on the independence and competence evaluation of the CPAs. 4. Passed the proposal on engaging Deloitte Taiwan in the audit of the financial statements of ITEQ Corporation for the year 2021. 5. Passed the proposal on amending the Company's "Internal Control System - Other Circulation". 6. Passed the proposal on the additional provision of capital expenditures of each plant and the increase of original budget in 2021. 7. Passed the proposal on the candidate list of directors (including independent directors). 8. Passed the proposal on lifting the non-competition restrictions for newly elected directors and their representatives. 9. Passed the proposal on the proposed capital increase with cash by issuance of new shares.	Follow the resolution result. The major information announcement of the board of directors on that day is an important resolution of the board of directors and was disclosed on the Market Observation Post System.
The 19th meeting of the 8th Board of Directors June 11, 2021	1. Passed the group endorsement and guarantee, fund lending situation by the end of April 2021. 2. Passed the proposal on applying for credit lines with banks. 3. Passed the proposal for the meeting date of the Company's 2021 annual shareholders' meeting. 4. Passed the proposal to authorize the Chairman of the Board of Directors to increase the approval authority of the "Capital Expenditure Management Regulations". 5. Passed the expansion of production line in Taiwan plant. 6. Passed the expansion of FPC production line in Taiwan plant.	Follow the resolution result. The major information announcement of the board of directors on that day is an important resolution of the board of directors and was disclosed on the Market Observation Post System.
The 1st meeting of the 9th Board of Directors July 2, 2021	1. Passed the election of the Chairman of the 9th Board of Directors. 2. Passed the appointment of the 5th Remuneration Committee Members.	Follow the resolution result. The major information announcement of the board of directors on that day is an important resolution of the board of directors and was disclosed on the Market Observation Post System.
The 2nd meeting of the 9th Board of	1. Passed the group endorsement and guarantee, fund lending situation by the end of June 2021. 2. Passed the proposal on applying for credit lines with banks. 3. Passed the proposal on the additional provision of capital	Follow the resolution result. The major information announcement of the

Session and date of resolution	Important resolution content	Status of execution
Directors July 27, 2021	expenditures of each plant and the increase of original budget in 2021. 4. Passed the proposal on amending Issuance of Employee Stock Warrants & the Stock Subscription Method Thereof. 5. Passed the qualification, list and number of employee stock option certificates issued. 6. Passed the proposal on amending the Company's "Capital Increase with Cash for Employee Stock Subscription Measures in 2021". 7. Passed the proposal on amending some provisions of the "Organizational Procedures of the Remuneration Committee" of the Company. 8. Passed the establishment of the Company's "Procedures for Remuneration of Directors". 9. Passed the proposal on internal personnel participating in the allocation of employee stocks for 2021. 10. Passed the proposal on payment of remunerations for directors of the Company in 2020. 11. Passed the proposal on payment of remunerations for managerial officers and employees of the Company in 2020. 12. Passed the proposal on personnel - Promoted Cheng-Hsin Chen as the General Manager of Guangzhou FPC Plant.	board of directors on that day is an important resolution of the board of directors and was disclosed on the Market Observation Post System.
The 3rd meeting of the 9th Board of Directors October 26, 2021	1. Passed the group endorsement and guarantee, fund lending situation by the end of September 2021. 2. Passed the proposal on applying for credit lines with banks. 3. Passed the proposal on the distribution provision ratio of remunerations for employees and directors for 2021. 4. Passed the Group's annual operating budget for 2021. 5. Passed the proposal on the Group's capital expenditures in 2021. 6. Passed the proposal on the additional provision of capital expenditures of each plant and the increase of original budget in 2020. 7. Passed the subsidiary's annual audit plan for 2021.	Follow the resolution result.
The 4th meeting of the 9th Board of Directors January 19, 2022	1. Passed the group endorsement and guarantee, fund lending situation by the end of December 2021. 2. Passed the proposal on applying for credit lines with banks. 3. Passed the subsidiary's annual audit plan for 2022. 4. Passed the annual operating budget of ITEQ Corporation for 2022. 5. Passed the proposal on the capital expenditures of ITEQ Corporation in 2022. 6. Passed the proposal on the additional provision of capital expenditures of each plant and the increase of original budget in 2021. 7. Passed the proposal on disposal of fixed assets. 8. Passed the proposal on the distribution of year-end bonus of managerial officers for 2021.	Follow the resolution result.

Session and date of resolution	Important resolution content	Status of execution
The 5th meeting of the 9th Board of Directors March 16, 2022	1. Passed the group endorsement and guarantee, fund lending situation by the end of January 2022. 2. Passed the proposal of the construction of a parking shed on the east side of the main entrance of ITEQ (Jiangxi), a subsidiary, and the donation of funds. 3. Passed the proposal on the additional provision of capital expenditures of each plant and the increase of original budget in 2022. 4. Passed the proposal on applying for credit lines with banks. 5. Passed the proposal on the "Evaluation on the Effectiveness of Internal Control System" and the "Statement on Internal Control" for 2021. 6. Passed the proposal on amending some provisions of the Company's "Corporate Governance Best Practice Principles ". 7. Passed the proposal on amending some provisions of the "Articles of Association of the Company", the "Rules of Procedure of the Board of Shareholders" and the "Procedures for the Acquisition or Disposal of Assets" of the Company. 8. Passed the proposal on the distribution of the remunerations for directors and employees in 2021. 9. Passed the proposal on the consolidated financial statements and individual financial statements of 2021. 10. Passed the Company's 2021 Business Report. 11. Passed the proposal on the earning distribution for 2021. 12. Passed the proposal on the time, place and cause of convening the general meeting of shareholders of 2022. 13. Passed the change of Treasurer, Accounting Supervisor and Corporate Governance Supervisor.	Follow the resolution result. The major information announcement of the board of directors on that day is an important resolution of the board of directors and was disclosed on the Market Observation Post System.
The 6th meeting of the 9th Board of Directors May 3, 2022	1. Passed the group endorsement and guarantee, fund lending situation by the end of March 2022. 2. Passed the proposal on the additional provision of capital expenditures of each plant and the increase of original budget in 2022. 3. Passed the proposal on applying for credit lines with banks. 4. Passed the replacement of the Company's CPA to coincide with the internal rotation of the accounting firm. 5. Passed the proposal on the independence and competence evaluation of the CPAs. 6. Passed the proposal for the appointment of the Company's accountant and audit service fee for the year 2022. 7. Passed the consolidated financial statements for 1Q 2022. 8. Passed the proposal on applying for credit lines with banks. 9. Passed the proposal on amending "Insider Trading Prevention Method". 10. Passed the schedule plan of "Greenhouse Gas Information Inventory and Verification" of the Company.	Follow the resolution result. The major information announcement of the board of directors on that day is an important resolution of the board of directors and was disclosed on the Market Observation Post System.

(XIII) In the most recent year and as of the publication date of this report whether there are Directors or Supervisors having different opinions on the important resolutions passed by the Board of Directors with records or written announcements: None.

(XIV) Summary of the resignation and dismissal of the Company's Chairman, President, Accounting Officer, Financial Officer, Head of Internal Audit, Head of Corporate Governance and Head of Research and Development:

Title	Name	Date of Assumption of Duty	Date of Termination	Reasons for Resignation or Termination
Accounting Supervisor/ Financial Officer/ Chief Corporate Governance Officer	Jung-Tsan Chou	March 19,2015	March 16,2022	Job Adjustment

IV. Information on professional fees for CPA

Unit: NT$ 1,000

CPA Name of accounting firm	Name of CPA		CPA Audit Period	Audit Fees	Non-Audit Fees	Total	Remark
Deloitte & Touche	Cheng-Hsiu Yang	Po-Jen Weng	January 1,2021 ~ December 31,2021	5,000	500	5,500	Transfer pricing, Master File of the Group

Note 1: The company does not have the following circumstances mentioned in Article 10, Paragraph 4 of the Guidelines for Publicly Issuing Annual Reports of the Company:

(1) In the case of changing an accounting firm and the audit fees paid in the year of the change are less than those in the year preceding the change, the decreased amount of audit fees shall be disclosed: None.

(2) Where accounting fee paid for the year was more than 15% of the previous year, the sum, proportion, and cause of the reduction shall be disclosed: None.

V. Information on Replacement of CPA:

(I) Information on the previous CPA

<table>
<tr><td>Replacement date</td><td colspan="3">1Q 2022</td></tr>
<tr><td>Replacement reasons and explanations</td><td colspan="3">Align with the internal restructuring of the accounting firm.</td></tr>
<tr><td rowspan="3">Whether the authorizing party terminates the authorization or the CPA rejects it</td><td>Related Parties
Information</td><td>Independent Auditors' Report</td><td>The authorizing party</td></tr>
<tr><td>Voluntary Termination of the authorization</td><td>Not applicable</td><td>Not applicable</td></tr>
<tr><td>Reject the (continuing) authorization</td><td>Not applicable</td><td>Not applicable</td></tr>
<tr><td>The opinions and reasons in the signed and issued audit reports which were not "no reservations" in the last two years</td><td colspan="3">Not applicable</td></tr>
<tr><td rowspan="4">Whether there are different opinions with the issuer</td><td>None</td><td colspan="2">Accounting principles or practices</td></tr>
<tr><td>None</td><td colspan="2">Disclosure of financial statements</td></tr>
<tr><td>None</td><td colspan="2">Scope or procedure of auditing</td></tr>
<tr><td>None</td><td colspan="2">Others</td></tr>
</table>

Other Disclosures (Disclosure according to subparagraph 1-4 to 1-7 of Article 10-6)	None

(II) About the successor CPA

Name of accounting firm	Deloitte Taiwan
Name of CPA	CPAs Cheng-Hsiu Yang and Kuan-Hao Li
Date of Appointment	1Q 2022
Consultation matters and results concerning the accounting treatment methods or accounting principles and the opinions that may be issued for the financial reports before appointment the accounting treatment of or application of accounting principles to specific transactions, or opinions that may be included on financial statements possible arise before appointment	Not applicable
Written opinion of the successor CPAs on the dissenting opinions of the former CPAs	Not applicable

(III) The former CPAs' reply to 10.6.1 and 10.6.2.3 of the Guidelines: Not applicable.

VI. Where the Company's Chairman, General Manager, or managerial officers from finance or accounting departments who have worked in the CPAs' audit firm or its affiliate companies in the last fiscal year: None.

VII. Equity Transfer or Changes in Equity Pledge of Directors, Managerial Officers, and Shareholders with Shareholding Percentage of 10% or More

(I) Change in the equities of the directors, supervisors, managerial officers and substantial shareholders

Unit: Shares

Title	Name	2021		2022 as at April 16	
		Increase (Decrease) in Shares Held	Increase (Decrease) in Shares Pledged	Increase (Decrease) in Shares Held	Increase (Decrease) in Shares Pledged
Chairman	Chin-Tsai Chen	2,762,713	—	294,000	—
Director	Hsin-Hui Tsai	207,786	—	—	—
Director	Win Semiconductors Corp. (Note 3)	34,018,722	—	—	—
	Representative: Ching-Chou Tseng (Note 4)	—	—	—	—
Director	Fu-Cun Development Co., Ltd.	3,263,859	—	(10,000)	—
	Representative: Shih-Fang Cheng	27	—	—	—
Director	Fu-Cun Development Co., Ltd.	3,263,859	—	(10,000)	—
	Representative: Jin-Yuan Wang	—	—	—	—

Title	Name	2021		2022 as at April 16	
		Increase (Decrease) in Shares Held	Increase (Decrease) in Shares Pledged	Increase (Decrease) in Shares Held	Increase (Decrease) in Shares Pledged
Director	Gemtek Technology Co., Ltd.(Note 4)	—	—	—	—
	Representative: Hsi-An Liao (Note 4)	—	—	—	—
Independent Director	Zhao-Rong Yang (Note 4)	—	—	—	—
Independent Director	Po-Chiao Chou	259	—	—	—
Independent Director	Xiu-Zong Liang	—	—	—	—
Independent Director	Hui-Fen Chan	(6,259)	—	—	—
Independent Director	Yu-Chin Tsai (Note 4)	—	—	—	—
CEO and General Manager	Hsin-Hui Tsai	207,786	—	—	—
General Manager of Wuxi Plant and Jiangxi Plant	Wei-Kuang Chu	60,000	—	—	—
General Manager of Dongguan Plant	Chien-Lung He	38,000	—	—	—
General Manager of Guangzhou FPC Plant	Cheng-Hsin Chen (Note 5)	—	—	—	—
Deputy General Manager, Marketing OEM Center of the Group	I-Liang Lin (Note 1)	—	—	—	—
Head of Manufacturing Division, Xinpu Plant	Po-Kung Wang (Note 2)	—	—	Not applicable	Not applicable
Financial/Accounting Supervisor	Jung-Tsan Chou (Note 7)	50,000	—	—	—
Financial/Accounting Supervisor	Jun-Ren Huang (Note 8)	Not applicable	Not applicable	—	—
Substantial Shareholders	Tien He Hsing Yeh Co., Ltd.(Note 6)	Not applicable	Not applicable	3,959,000	3,700,000

Source: Based on shareholding data on April 16, 2022, the last book closure day.

Note 1: I-Liang Lin, Deputy General Manager, Marketing OEM Center of the Group was newly appointed on March 23, 2021, the equity changes shall be calculated beginning from that date.

Note 2: Po-Kung Wang, Head of Manufacturing Division, Xinpu Plant were newly appointed on March 23, 2021 and reisnged on June 2, 2021 the equity changes shall be calculated for that period of employment

Note 3: Win Semiconductors Corp. was newly elected as substantial shareholder on April 6, 2021. The equity changes are calculated beginning from that date.

Note 4: The directors of the Company were fully re-elected at the Annual Shareholders' Meeting on July 2, 2021. Representative of WIN Semiconductors Corp. : Ching-Chou Tseng and Chao-Rong Yang were elected as director and independent director.The equity changes are calculated beginning from that date.

Representative of Gemtek Technology Co., Ltd.: The term of office of Hsi-An Liao and Independent Director Yu-Chin Tsai ended on July 2, 2021. The changes in the equities are settled till that day.

Note 5: Cheng-Hsin Chen, Vice General Manager of Guangzhou Plant, was promoted to General Manager of Guangzhou FPC Plant on July 27, 2021.

Note 6: Tien He Hsing Yeh Co., Ltd. was newly elected as substantial shareholder on March 8, 2022. The equity changes are calculated beginning from that date.

Note 7: Jung-Tsan Chou, Senior Director, changed his position on March 16, 2022, the equity changes shall be calculated beginning from that date.

Note 8: Chun-Jen Huang, Director of Finance Department was newly elected on March 16, 2022. The equity changes are calculated beginning from that date.

(II) Equity transfer information: There is no situation in which the relative parties to the transfer of stock rights are related parties.

(III) Equity pledge information: There is no situation in which the pledged counter-party is a related party.

(IV) Information on the related party relationship between the Company's top ten shareholders by shareholding ratio:

Source date: April 16, 2022

NO.	Name	Shares held by the person Number of shares held		Shares held by spouse and minor children		In the name of other persons Total shareholding		The title or name and relations of the top 10 shareholders who are related parties, spouses, or relatives within the second degree of kinship as defined in financial accounting standards bulletin no. 6.		Remark
		Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)	Name (or Name)	Relationship	
1	WIN Semiconductors Corp.	65,408,733	17.08	—	—	14,233,496	3.72	None	None	
	Principal: Chin-Tsai Chen	4,411,132	1.15	—	—			None	None	
2	Tien He Hsing Yeh Co., Ltd.	42,224,591	11.03	—	—			None	None	
	Principal: Yu-Wen Chen	2,237	0.00	Information unavailable				None	None	
3	Fu-Cun Development Co., Ltd.	33,168,897	8.66	—	—	—	—	None	None	
	Principal: Yu-Wei Tsai	100,759	0.03	Information unavailable				Tian Teng Industry Co., Ltd.	Second relative of Principal	
4	New Labor Pension Fund	23,012,904	6.01	—	—	—	—	None	None	
5	Tian Teng Industry Co., Ltd.	14,183,507	3.70	—	—	—	—	None	None	
	Principal: Mao-Chen Tsai	1,280,745	0.33	Information unavailable				Fu-Cun Develop ment Co., Ltd.	Second relative of Principal	
6	Cathay Life Insurance Inc.	7,779,000	2.03	—	—	—	—	None	None	
7	Chunghwa Post Co., Ltd	7,564,280	1.98	—	—	—	—	None	None	
8	China Life Insurance Co., Ltd.	6,247,403	1.63	—	—	—	—	None	None	
9	Nan Shan Life Insurance Co., Ltd.	6,035,000	1.58	—	—	—	—	None	None	
10	Investment account of Van Garde Group Emerging Markets Fund under the custody of JPMorgan Chase Bank N.A.	5,452,357	1.42	—	—	—	—	None	None	

VIII. Total number of shares held in any single re-invested enterprise by the Company, its directors and managers, and any business controlled either directly or indirectly by the Company and the consolidated shareholding

March 31, 2022 Unit: Thousand shares, %

Reinvestment business	Investments of the Company (1)		Investments by directors, managerial officers and directly or indirectly controlled enterprises (2)		Total Ownership (1)+(2)	
	Number of shares	Shareholding Ratio (%)	Number of shares	Shareholding Ratio (%)	Number of shares	Shareholding Ratio (%)
Bangmao Investment Co., Ltd. (Note 1)	7,000	100	0	0	7,000	100
ITEQ International Ltd. (Note 1)	18,500	100	0	0	18,500	100
ITEQ Holding Ltd.	18,500	100	0	0	18,500	100
Ever Smart International Corporation Ltd.	10,750	100	0	0	10,750	100
International Partners Ltd.	1,000	100	0	0	1,000	100
Inspire Investments Ltd.	1,000	100	0	0	1,000	100
Eagle Great Investments Ltd.	8,499	100	0	0	8,499	100
ITEQ (Hong Kong) Ltd.	24,200	100	0	0	24,200	100
Dongguan ITEQ Electronic Technology Co., Ltd.	—	100	—	0	—	100
ITEQ (Wuxi) Electronic Technology Co., Ltd.	—	100	—	0	—	100
Maocheng Electronic Technology (Dongguan) Co., Ltd.	—	100	—	0	—	100
Guangzhou ITEQ Electronic Technology Co., Ltd.	—	100	—	0	—	100
Jiangxi ITEQ Electronic Technology Co., Ltd.	—	100	—	0	—	100
MGC-ITEQ Technology Co., Ltd.	49,000	49	0	0	49,000	49

Note 1: The above are the long-term equity investments of the Company.

Chapter IV. Capital Overview

I. Capital and Shares

(I) Source of Capital

1. Source of Capital

Unit: shares/NT$; As of April 16, 2022

Year/ Month	Issuance Price (NT$)	Authorized Capital		Paid-in Capital		Note		
		Number of Shares (thousand shares)	Amount (NT$ thousand)	Number of Shares (thousand shares)	Amount (NT$ thousand)	Source of Capital	Capital Increase by Assets Other than Cash	Other
1997.04	10	50,000	500,000	22,000,000	220,000,000	Establishment of Capital	None	-
1997.08	15	50,000	500,000	32,000,000	320,000,000	10,000,000 shares by capital increase in cash	None	Note 1
1999.04	15	50,000	500,000	45,000,000	450,000,000	13,000,000 shares by capital increase in cash	None	Note 2
2001.03	NT$15 by capital increase in cash; NT$10 by capital increase transferred from earnings and capital surplus	70,000	700,000	62,450,000	624,500,000	10,000,000 shares by capital increase in cash 7,450,000 shares by capital increase transferred from earnings and capital surplus	None	Note 3
2001.09	10	74,000	740,000	71,144,000	711,440,000	8,694,000 shares by earnings and capital surplus	None	Note 4
2002.03	10	100,000	1,000,000	81,144,000	811,440,000	10,000,000 shares by capital increase in cash	None	Note 5
2003.10	10	100,000	1,000,000	83,578,320	835,783,200	2,434,320 shares by capital increase transferred from earnings	None	Note 6
2004.02	10	125,000	1,250,000	102,530,572	1,025,305,720	18,952,252 shares converted from corporate bonds	None	-
2004.03	18	125,000	1,250,000	112,530,572	1,125,305,720	10,000,000 shares by capital increase in cash	None	Note 7
2004.04	10	125,000	1,250,000	112,625,810	1,126,258,100	95,238 shares converted from corporate bonds	None	-
2004.09	10	184,000	1,840,000	126,071,779	1,260,717,790	13,445,969 shares transferred from earnings	None	Note 8
2004.10	10	184,000	1,840,000	146,276,224	1,462,762,240	20,204,445 shares converted from corporate bonds	None	-
2005.02	10	184,000	1,840,000	151,796,636	1,517,966,360	5,520,412 shares converted from corporate bonds	None	-
2005.05	10	184,000	1,840,000	153,451,599	1,534,515,990	1,654,963 shares converted from corporate bonds	None	-
2005.08	10	248,000	2,480,000	153,521,773	1,535,217,730	70,174 shares converted from corporate bonds	None	-
2005.08	14.5	248,000	2,480,000	161,521,773	1,615,217,730	8,000,000 shares by capital increase in cash	None	Note 9
2005.10	10	248,000	2,480,000	182,931,302	1,829,313,020	21,409,529 shares transferred from earnings	None	Note 10
2005.12	10	248,000	2,480,000	184,589,862	1,845,898,620	518,560 shares converted from corporate bonds 1,140,000 shares converted from employees' warrants	None	-
2006.03	10	248,000	2,480,000	191,465,436	1,914,654,360	5,895,574 shares converted from corporate bonds 980,000 shares converted from employees' warrants	None	-

Year/ Month	Issuance Price (NT$)	Authorized Capital		Paid-in Capital		Note		
		Number of Shares (thousand shares)	Amount (NT$ thousand)	Number of Shares (thousand shares)	Amount (NT$ thousand)	Source of Capital	Capital Increase by Assets Other than Cash	Other
2006.05	10	248,000	2,480,000	193,505,433	1,935,054,330	1,849,997 shares converted from corporate bonds 190,000 shares converted from employees' warrants	None	-
2006.09	10	248,000	2,480,000	221,045,111	2,210,451,110	5,119,826 shares converted from corporate bonds 22,419,852 shares transferred from earnings	None	Note 11
2006.11	NT$21 by capital increase in cash NT$10 from other	300,000	3,000,000	233,440,989	2,334,409,890	205,878 shares converted from corporate bonds 190,000 shares converted from employees' warrants 12,000,000 shares by capital increase in cash	None	Note 12
2007.04	10	300,000	3,000,000	234,340,989	2,343,409,890	900,000 shares converted from employees' warrants	None	-
2007.07	10	300,000	3,000,000	234,580,989	2,345,809,890	240,000 shares converted from employees' warrants	None	–
2007.10	10	350,000	3,500,000	274,849,941	2,748,499,410	4,337,684 shares converted from corporate bonds 35,931,268 shares by capital increase transferred from earnings	None	Note 13
2007.12	10	350,000	3,500,000	275,718,181	2,757,181,810	48,240 shares converted from corporate bonds 820,000 shares converted from employees' warrants	None	-
2008.02	10	350,000	3,500,000	272,023,181	2,720,231,810	877,500 shares converted from employees' warrants Cancellation of 4,000,000 treasury shares	None	-
2008.05	10	350,000	3,500,000	272,258,181	2,722,581,810	235,000 shares converted from employees' warrants	None	-
2008.10	10	350,000	3,500,000	294,679,317	2,946,793,170	22,421,136 shares by capital increase transferred from earnings	None	Note 14
2009.04	10	350,000	3,500,000	286,679,317	2,866,793,170	Cancellation of 8,000,000 treasury shares	None	-
2011.04	10	350,000	3,500,000	286,678,693	2,866,786,930	Cancellation of 624 treasury shares	None	-
2011.09	10	350,000	3,500,000	302,877,471	3,028,774,710	16,198,778 shares by capital increase transferred from earnings	None	Note 15
2012.09	10	350,000	3,500,000	332,365,218	3,323,652,180	29,487,747 shares by capital increase transferred from earnings	None	Note 16
2012.12	10	400,000	4,000,000	332,365,218	3,323,652,180	Increase in authorized capital	None	-
2014.09	10	400,000	4,000,000	327,365,218	3,273,652,180	Cancellation of 5,000,000 treasury shares	None	-
2015.01	10	400,000	4,000,000	317,957,218	3,179,572,180	Cancellation of 9,408,000 treasury shares	None	-
2015.07	10	400,000	4,000,000	312,957,218	3,129,572,180	Cancellation of 5,000,000 treasury shares	None	-
2015.11	10	400,000	4,000,000	307,957,218	3,079,572,180	Cancellation of 5,000,000 treasury shares	None	-
2016.03	10	400,000	4,000,000	302,957,218	3,029,572,180	Cancellation of 5,000,000 treasury shares	None	-
2019.08	10	500,000	5,000,000	302,957,218	3,029,572,180	Increase in authorized capital	None	-
2020.04	110	500,000	5,000,000	332,957,218	3,329,572,180	30,000,000 shares by capital increase in cash	None	Note 17

Year/ Month	Issuance Price (NT$)	Authorized Capital		Paid-in Capital		Note		
		Number of Shares (thousand shares)	Amount (NT$ thousand)	Number of Shares (thousand shares)	Amount (NT$ thousand)	Source of Capital	Capital Increase by Assets Other than Cash	Other
2021.09	130	500,000	5,000,000	382,957,218	3,829,572,180	50,000,000 shares by capital increase in cash	None	Note 18

Note 1: Registration became valid as per TCZ (I) No. 76179 document issued by the Securities and Futures Commission under the Ministry of Finance in 1997.

Note 2: Registration became valid as per (88) TCZ (I) No. 32318 document issued by the Securities and Futures Commission under the Ministry of Finance on April 12, 1999.

Note 3: Registration became valid as per (89) TCZ (I) No. 88295 document issued by the Securities and Futures Commission under the Ministry of Finance on October 26, 2000.
The extension of the fundraising time for capital increase in cash was approved by (90) TCZ (I) No. 105835 document issued by the Securities and Futures Commission under the Ministry of Finance on February 5, 2001.

Note 4: Registration became valid as per (90) TCZ (I) No. 150371 document issued by the Securities and Futures Commission under the Ministry of Finance on August 8, 2001.

Note 5: Registration became valid as per (91) TCZ (I) No. 180171 document issued by the Securities and Futures Commission under the Ministry of Finance on January 9, 2002.

Note 6: Registration became valid as per TCZ (I) No. 0920134252 document issued by the Securities and Futures Commission under the Ministry of Finance on July 29, 2003.

Note 7: Registration became valid as per TCZ (I) No. 0920154649 document issued by the Securities and Futures Commission under the Ministry of Finance on November 25, 2003.
The change to issuance price was approved by TCZ (I) No. 0920158101 document issued by the Securities and Futures Commission under the Ministry of Finance on December 11, 2003.

Note 8: Registration became valid as per JGZYZ No. 0930132397 document issued by the Securities and Futures Bureau under the Financial Supervisory Commission of Executive Yuan on July 21, 2004.

Note 9: Registration became valid as per JGZYZ No. 0940117501 document issued by the Securities and Futures Bureau under the Financial Supervisory Commission of Executive Yuan on May 20, 2005.

Note 10: Registration became valid as per JGZYZ No. 0940131480 document issued by the Securities and Futures Bureau under the Financial Supervisory Commission of Executive Yuan on August 2, 2005.

Note 11: Registration became valid as per JGZYZ No. 0950128058 document issued by the Financial Supervisory Commission of Executive Yuan on July 3, 2006.

Note 12: Registration became valid as per JGZYZ No. 0950130656 document issued by the Financial Supervisory Commission of Executive Yuan on July 21, 2006.

Note 13: Registration became valid as per JGZYZ No. 0960036403 document issued by the Financial Supervisory Commission of Executive Yuan on July 13, 2007.

Note 14: Registration became valid as per JGZYZ No. 0970032597 document issued by the Financial Supervisory Commission of Executive Yuan on July 4, 2008.

Note 15: Registration became valid as per JGZFZ No. 1000032827 document issued by the Financial Supervisory Commission of Executive Yuan on July 14, 2011.

Note 16: Registration became valid as per JGZFZ No. 1010032361 document issued by the Financial Supervisory Commission of Executive Yuan on July 20, 2012.

Note 17: Registration became valid as per JGZFZ No. 1080342357 document issued by the Financial Supervisory Commission of Executive Yuan on January 16, 2020.

Note 18: Registration became valid as per JGZFZ No. 1100343449 document issued by the Financial Supervisory Commission of Executive Yuan on May 28, 2021.

2. Share Type

Unit: shares; As of April 16, 2022

Share Type	Authorized Capital (Listed Shares)			Note
	Issued Shares	Unissued Shares	Total	
Registered Ordinary Shares	382,957,218	117,042,782	500,000,000	Note 1

Note 1: The authorized capital includes 5,000,000 shares for employees' warrants.

3. Registration system related provisions: N/A.

(II) Structure of Shareholders

April 16, 2022

Structure of Shareholders / Number	Government Agencies	Financial Institutions	Other Corporate Shareholders	Foreign Institutions & Natural Persons	Individual	Total
Number of Shareholders	5	37	281	175	32,183	32,681
Shareholding	31,476,428	41,679,834	179,066,924	32,377,650	98,356,382	382,957,218
Shareholding Ratio (%)	8.22	10.88	46.76	8.46	25.68	100.00

(III) Share Ownership Distribution

1. Ordinary share

April 16, 2022

Range of Shares	Number of Shareholders	Shareholding	Shareholding Ratio (%)
1～999	15,002	1,426,592	0.37
1,000～5,000	14,854	27,174,909	7.10
5,001～10,000	1,420	10,921,809	2.85
10,001～15,000	469	5,930,822	1.55
15,001～20,000	272	5,022,173	1.31
20,001～30,000	193	4,921,521	1.29
30,001～40,000	100	3,532,889	0.92
40,001～50,000	55	2,502,687	0.65
50,001～100,000	145	10,160,148	2.65
100,001～200,000	58	7,922,243	2.07
200,001～400,000	45	12,179,681	3.18
400,001～600,000	21	10,186,664	2.66
600,001～800,000	8	5,572,937	1.46
800,001～1,000,000	9	7,914,055	2.07
Over 1,000,001	30	267,587,908	69.87
Total	32,681	382,957,218	100.00

2. Preferred shares: None.

(IV) List of Major Shareholders

April 16, 2022

Shareholding / Name of Major Shareholders	Shareholding (Shares	Shareholding Ratio (%
WIN Semiconductors Corp.	65,408,733	17.08
Tien He Hsing Yeh Co., Ltd.	42,224,591	11.03
Fu-Cun Development Co., Ltd.	33,168,897	8.66
New Labor Pension Fund	23,012,904	6.01
Tian Teng Industry Co., Ltd.	14,183,507	3.70
Cathay Life Insurance Co., Ltd	7,779,000	2.03
Chunghwa Post Co., Ltd	7,564,280	1.98
China Life Insurance Company Limited	6,247,403	1.63
Nan Shan Life Insurance Company, Ltd.	6,035,000	1.58
Investment account of Van Garde Group Emerging Mark Fund under the custody of JPMorgan Chase Bank N.A.	5,452,357	1.42

(V) Market Price, Net Value, Earnings, and Dividend per Share, as Well as Relevant Information of the Most Recent Two Years

Unit: NT$

Item		Year	2020	2021	2022 as of March 31
Market price per share	The highest		158.00	170.50	147.00
	The lowest		108.00	106.00	111.50
	Average		136.67	140.26	128.48
Net worth per share	Before distribution		40.23	55.66	—
	After distribution		35.23	50.66	54.27
Earnings per share	weighted average shares (thousand shares)		325,580	349,533	382,957
	Earnings per share	Before adjustment	8.19	9.00	2.11
		After adjustment	5.00	5.00	—
Dividends per share	Cash dividends		—	—	—
	Stock dividends	Stock dividends appropriated from earnings	—	—	—
		Stock dividends appropriated from capital surplus	—	—	—
	Accumulated unpaid dividends		—	—	—
Return on investment analysis	P/E ratio (Note 1)		16.52	15.11	—
	P/D ratio (Note 2)		27.05	27.19	—
	Cash dividend yield (%) (Note 3)		3.70	3.68	—

Note 1: P/E Ratio = Average closing price per share for current year/ Earnings per share

Note 2: P/D ratio = Average closing price per share for current year / Cash dividends per share

Note 3: Cash dividend yield = Cash dividends per share/Average closing price per share for the current year

Note 4: The net worth per share and earnings per share as of the quarter nearest to the publication date of the Annual Report that has been audited by CPAs shall be filled in; the remaining fields shall be filled with the data of the current year as of the publication date of the Annual Report.

(VI) The Company's Dividend Policy and Its Implementation Status

1. Dividend Policy

In accordance with the Company's Articles of Incorporation, if there are current net profits in the final account of the year, 10% of the profits shall be set aside as its surplus reserve, and certain amount of the profits shall be set aside as its special surplus reserve in accordance with relevant regulations, in addition to the profits used in the first place to pay the profit-seeking enterprise's income tax and recover the losses of previous years in accordance with laws. And the remaining earnings, if any, shall be distributed as follows: (1) No less than 2% of the remaining earnings shall be distributed as employees' bonus. (2) No more than 2% of the remaining earnings shall be distributed as Directors' remuneration. (3) Except for the surplus set aside, the remaining earnings shall be used as shareholders dividends, which shall, together with the undistributed earnings of previous years, be resolved by the Shareholders' Meeting after the Board of Directors has made a proposal for distribution of such earnings.

The Corporation authorizes the distributable dividends and bonuses, or legal reserve and special surplus reserve, in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of Directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

To seek sustainable operating, the Company adopts dividend balance policy by considering long-term financial planning and capital needs; As for the distribution of dividends, the Board of Directors shall draft earnings distribution plan based on the Company's capital needs. Where the number of dividends for distribution in current year is no less than 30% of the cumulative earnings available for distribution, among which cash dividends are no less than 20% of total dividends, cash dividends payment ratio may be increased depending on the earnings of current year if the Company has a large amount of earnings or sufficient funds.

The Company's dividends were distributed in the most recent three years as follows:

Year	Cash Dividend per Share	Ex-dividend Transaction Date	Payment Date
2018	3.80	July 10, 2019	August 9, 2019
2019	5.00	July 6, 2020	August 7, 2020
2020	5.00	July 19, 2021	August 6, 2021

2. Distribution of dividends proposed

Unit: NT$

Year of Dividends	Dividend Distribution Date Approved by the Resolution of the Board of Directors	Cash Dividends to Shareholders	Directors' Remuneration	Cash Remuneration to Employees
2021	March 16, 2022	1,914,786,090 (NT$5.00 shall be distributed for each share)	50,706,873	219,729,783

Note: The distribution ratio per share shall be calculated based on the 382,957,218 shares outstanding as of March 16, 2022.

3. Estimated significant change in the dividend policy: There's no estimated significant change in the dividend policy.

(VII) Impact of this proposal for stock dividends on the Company's operating performance and earnings per share: N/A.

(VIII) Directors' Remuneration and Employees' Remuneration

1. Percentage or range of employees' remuneration and Directors' remuneration under the Articles of Incorporation: Please refer to the above-mentioned (VI).
2. The estimation basis for current employees' remuneration and Directors' remuneration, the calculation basis for the number of shares for distribution of share dividends, and the accounting treatment for any discrepancy between actually distributed amount and estimated amount

Estimation Basis	Calculation Basis for the Number of Shares	Actually Distributed Amount and Estimated Amount Accounting Treatment for Any Discrepancy
In accordance with Article 27 of the Articles of Incorporation, the Company shall set aside no less than 2% and no more than 2% of its net profits before tax before deducting the distribution of employees' remuneration and Directors' remuneration as employees' remuneration and Directors' remuneration respectively. The employees' remuneration and Directors' remuneration for 2021 are estimated respectively based on 6.5% and 1.5% of the said net profits before tax, which shall be distributed and paid in cash by the resolution to be made at the Shareholders' Meeting on March 16, 2022.	No employees' shares remuneration will be distributed as proposed by the Board of Directors.	If there's any significant change in the amount to be distributed as resolved by the Board of Directors, the change shall be incorporated in the former annual expenses set aside.

3. Information about the distribution of the remunerations for directors and employees as approved by the Board of Director

Unit: NT$

Year of Dividends	Dividend Distribution Date Approved by the Resolution of the Board of Directors	Directors' Remuneration	Employees' Remuneration		Proposed Distribution Amount of Employees' Shares Remuneration		Estimated Earnings per Share after Considering Proposed Distribution Amount of Employees' Remuneration and Directors' Remuneration
			Amount of Cash Remuneration (a)	Amount of Shares Remuneration (b)	Ratio in Current Net Profit after Tax (%)	Ratio in Total Employees' Remuneration (%)	
2021	March 16, 2022	50,706,873	219,729,783	—	—	—	9.00

Note: There is no difference between the proposed distribution amount of employees' remuneration and Directors' remuneration and the estimated amount of the year in which the amount is recognized.

4. The actual distribution of employees' remuneration and Directors' remuneration in the previous year

Unit: NT$

Item	Proposed Distribution Resolved by the Board of Directors	Actual Distribution Resolved by the Shareholders' Meeting			Difference, Reason and Handling
	Amount	Amount	Number of Shares That can be Converted	Equity Dilution Ratio (%)	
Employees' Remuneration (Cash)	190,724,781	190,724,781	—	—	None
Directors' Remuneration (Cash)	44,013,411	44,013,411	—	—	None
Total	234,738,192	234,738,192	—	—	None

(IX) Buyback of the Company’s shares by the Company: None.

II. Issuance of corporate bonds: None.

III. Issuance of preferred shares: None.

IV. Issuance of global depository receipts: None.

V. Issuance of employees' warrants:

(I) The Processing Situation of Unexpired Employee Stock Options up to the Publication Date of the Annual Report and the Impact on Shareholders’ Rights and Interests Shall Be Disclosed:

May 3, 2022

Type of employee stock option certificates	The first issuance 2021 of employee stock options
Effective date of the application	July 21, 2021
Date of Issue	July 30, 2021
Number of units issued	1,000 units
Ratio of Number of Subscribable Shares to the Total Number of Issued Shares (Note 1)	0.26113 %
Duration	5 years
Performance Method	Issuance of New Shares
Restricted Subscription Period and Proportion (%)	2 years after issuance: 60% 3 years after issuance: 80% 4 years after issuance: 100%
Number of Shares Acquired After Exercise	0
Amount of subscriptions executed	0
Number of Subscribable Shares	1,000,000 shares
Subscription Price per Share for the Options not yet Exercised	NT$95.9
Ratio of Number of Subscribable Shares to the Total Number of Issued Shares (Note 1)	0.26113 %
Impacts on shareholder equity	No substantial impacts on shareholder equity.

Note 1: Based on 382,957,218 shares in issue as of the date of publication of the annual report.

(II) Names, Acquisition, and Subscription Status of Managerial Officers Who Have Obtained Employee Stock Options And Top Ten Employees With Most Subscribable Shares Under the Employee Stock Options as of the Date of Publication of the Annual Report:

May 3, 2022；Unit: NT$

	Title	Name	No. of Stock Options	Stock Options as a Percentage of Shares Issued	Exercised				Unexercised			
					Number of Options	Exercise Price	Exercise Amount	Ratio of Options Obtained to the Total Number of Issued Shares	Number of Options	Exercise Price	Exercise Amount	Ratio of Options Obtained to the Total Number of Issued Shares
Employee	Deputy General Manager	I-Sheng Meng	1,000,000	0.26113	0	0	0	0.00%	1,000,000	95.9	95,900,000	0.26113
	Deputy General Manager	Tao Liu										
	General Director	Chen-Feng Li										
	Project Manager	Jui-Ming Hu										
	Deputy Director	Hung-Fei Wang										
	Project Manager	Chun-Chieh Liu										
	Deputy Director	Ke Chang										
	Deputy Manager	Hsiao-Chiang Chin										
	Special Assistant	Chieh Liang										
	Special Assistant	Li-Ping Chu										

VI. Issuance of employee restricted shares: None.

VII. M&A or acceptance of the new shares issued by other companies: None.

VIII. Implementation of Fund Utilization Plan:

As of the 1st quarter of 2021, uncompleted previous issuance or private placement of securities, or completed issuance or private placement of securities without planned benefits showed in the most recent three years: None.

Chapter V. Operational Highlights

I. Business Activities

(I) Businesses Scope

1. Major Business Activities
   Manufacturing, processing, sale and purchase of copper foil laminate, CCLs, PPs, MLBs, heat-dissipating aluminum laminates, and flexible laminates.

2. (The Group's) Revenues from major products in 2021

Unit: NT$ thousand

Product	2021	
	Amount	Ratio in Revenue
CCL	22,681,257	69.74
PP	9,282,013	28.54
MLB	479,286	1.47
Other	82,132	0.25
Total	32,524,688	100.00

3. The Company's (Group's) current product portfolio
   (1) CCL
   (2) PP
   (3) FPC CCL
   (4) MLB
   (5) Other

4. New products planned to be developed
   (1) High-Peeling Strength Prepreg for Rigid-Flex
   (2) High thermal conductivity and dimensional stability laminate for antenna
   (3) High ARC and High Reliability halogen-free laminate for automotive
   (4) Ultra-low CTE and High heat resistance subtract
   (5) Ultra-high frequency and low loss laminate
   (6) High thermal conductivity and low loss laminate
   (7) Fine line high dimensional stability laminate
   (8) High heat-resistant coverlay for new energy vehicle
   (9) Fast-Laminating coverlay for automotive BMS
   (10) High folding resistant FCCL for foldable phone
   (11) Ultra-flexible coverlay for foldable phone

(II) Status and Development of the Industry

1. Current industry situation

Global PCB Industry

Year	2018	2019	2020	2021 (E)	2022(F)
Output value (USD$M)	62,396	61,311	65,219	80,449	84,596
Growth Rate	6.0%	(1.7%)	6.4%	23.4%	5.2%

Source of Data: Prismark (2022/02)

Although 5G infrastructure deployment will slow down in 2021 due to the continued impact of the new pneumonia epidemic and the US-China trade war, the global economic recession has eased. The demand for industrial and automotive-related applications is stable, and the demand for remote work (WFH)-related products continues to grow due to the new pneumonia epidemic, as well as sales of data centers and consumer products such as computers, tablets and cell phones. However, this has also led to a shortage of semiconductor wafer and packaging capacity, while short and long leg shortages, global freight congestion and high raw material prices are likely to continue to inhibit the growth performance of the global electronics supply chain. Looking ahead to 2022, the demand for 5G infrastructure, data center and networking peripheral products will continue to grow and the specifications will be upgraded again due to the demand for high-speed transmission, which will increase the demand for various high-frequency and high-speed products. It is estimated that the global PCB production value from 2021 to 2026 will still have an annual compound growth rate of 4.8%.

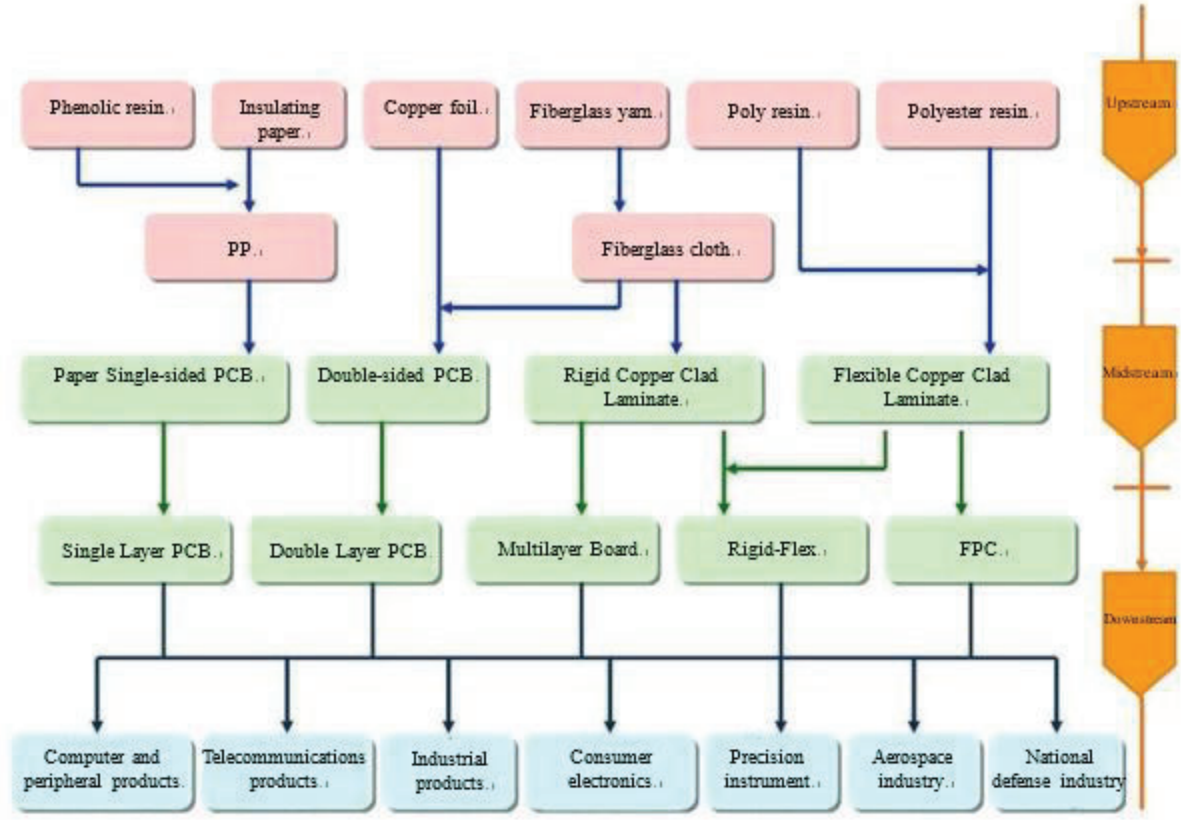
In the face of global geopolitical uncertainties and the impact of the COVID-19 epidemic, the PCB-related industry will need to evaluate and expand new production locations in different countries and regions in terms of supply chain management and geographic distribution strategies to properly allocate production capacity to support the demand of orders from China and other regions. In the future, the industry still needs to continue to move towards intelligence to strengthen productivity, quality control, environmental protection and safety awareness, and continuous human resources training in order to win in the current fast-changing market.

2. Development of the Industry

"PCB", known as the mother of electronic products, is the key component of electronic products. It links to all electronic parts, and directly affects the reliability and performance of products. The overall supply chain has been moving to China. Now, China has been ranking among the major PCB production bases in the world, and its PCB output value accounts for over half of global PCB output value.

With the demand for 5G, data center, Internet of Things, mobile devices, etc., the performance of PCB materials has to be upgraded continuously, from the increase of data transmission rate for data center related applications such as servers, routers and switches, to the deployment of 5G infrastructure, etc., all of which require the use of higher grade materials to achieve system performance requirements. The increase in the number of PCB design layers and the need to integrate high-density interconnection design make the overall difficulty much higher, including mixed material bonding, increased density of circuit design, higher electrical performance requirements, and increased bonding frequency and heat resistance requirements. We have accumulated sufficient experience with our customers and continue to develop the latest materials to meet their high-end product requirements.

3. Relation amongst upstream, midstream, and downstream of the industry



4. Product development trends and competition situation

(1) Development of the industry

The requirements for the characteristics of PCB materials will continue to develop towards higher frequency and faster speed. The requirements for laminate materials will be lower Dk/Df. The traditional FR4 resin system can no longer meet the requirements related to the functions of the new generation. In addition to the resin materials themselves, new development will be made for the copper foil used for transmitting signals, so as to achieve lower signal loss. In addition, the characteristics of glass fiber will be optimized, therefore the compatibility between the materials and the copper foil and glass fiber is also a factor to be considered in development stage.

In addition to the requirements of 5G base stations/micro base stations, Cloud products (servers, data storage devices, network switches), automotive industry, Internet of Vehicles, IoT, smart homes, mobile phones, tablets, and other products for high frequency, high speed, green and environmental protection, the HDI product design with increased circuit density and the increased circuit layers will increase the difficulties in processing PCBs. The reliability of materials themselves and the degree of their impacts on environment are also the issues to which importance shall be attached upon development of materials.

The carrier market is also in short supply due to strong global demand for semiconductors. Developing carrier materials and entering the carrier market segment is an important strategy to provide customers with integrated service resources.

The demand of the flexible board market continues to grow, and the promotion of smartphones, tablets, personal wearable products, VR and FCCL is going smoothly to meet the market demand. In addition to the development of LCP flexible board materials, we have also developed FCCL with low loss materials for future high-end applications.

(2) Competition situation

The Company not only currently manufactures the products, CCLs, PPs and MLBs, with excellent cost-effective value, but also provides the high-end materials with superior competitiveness in the market, which receives good assessment from various manufacturers. In terms of cooperation with international system plants in joint development of materials, the Company maintains a good interaction with end-user brands, system plants, OEM factories, and PCB manufacturers, understand future trends and demands in advance, research and develop high-end materials and develop new manufacturing processes in prior, etc., so as to make its products leading in the market.

(III) Overview of Technology and R&D

In the era of 5G Internet of Things, laminate materials must maintain low signal loss and reduce signal delays caused by dielectric materials under high frequency electric fields. In addition to the resin system, the control of raw materials such as laminates and copper foil, and the methods and equipment for analyzing electrical properties must keep up with the times. Therefore, ITEQ CORPORATION proactively invested in related equipment and attracted talents in recent years, such as gluing, pressing and production equipment, as well as electrical, reliability and raw material testing and analysis and other precision instruments, to improve its ability to develop, produce and sell high-end products.

With the development of various communication products towards high speed, high performance and light weight technologies, different thin and laminate materials are in demand. In 2021, ITEQ Corporation successfully developed special laminate materials such as Prepreg (PP) film and resin coated copper (RCC) with low Dk, low coefficient of thermal expansion, and high dimensional stability, which are suitable for advanced high-end packaging processes due to its high quality and reliability.

In terms of FPC research and development, we have further upgraded our existing low-loss FPC materials and introduced ultra-low-loss MPI laminates and fluorine-based laminates. At the same time, in view of the rise of new energy vehicles and folding screen cell phones and other applications, we will increase the development of corresponding materials to improve the competitiveness of FPC materials in the corresponding fields.

R&D expenses invested in the most recent years

Unit: NT$ thousand

Year	R&D Expense	Ratio in Operating Revenue
2020	393,591	1.55%
2021	510,019	1.57%

1. Technologies or products successfully developed in the most recent year

2020	2021
1. High-dielectric and low-loss laminate	1. .High dielectric constant and low loss laminate
2. Laminate for 2.5G base stations	2. High heat dissipation base station communication laminate
3. HV-withstanding CAF automotive halogen-free laminate	3. Halogen-free laminate for high-voltage CAF for automotive
4. Laminate with ultra-low expansion coefficient for IC boards	4. Low CTE IC laminate
5. Low-dielectric and low-loss laminate	5. Low dielectric constant and low loss laminate
6. Ultra-low-loss laminate	6. Ultra-low insertion loss laminate
7. Low-skew ultra-low-loss laminate	7. High density and high dimension stability laminate
8. Highly-reliable FPC materials for military and medical treatment	8. High heat-resistant FCCL for new energy vehicle
9. Large-sized stable FPC materials for OLED	9.PFA FCCL for 5G millimeter-wave application
10. Materials for the batteries of new energy vehicles	10.Ultra-low loss MPI FCCL for 5G millimeter-wave application
	11.Thick FCCL for industrial control and medical equipment

2. R&D investment plans and progress

Unit: NT$ thousand

Item/Plan	Current Progress	Estimated Investment R&D Expense	Scheduled Completion Time	Expected R&D Investment Benefit
High-dielectric constant laminate for antenna	Sample certification stage	312,000	Q2 2022	Increase the proportion of revenue from high-end products, enhance the added value of products and increase profits.
Ultra Low CTE and HDI laminate	Sample certification stage		Q2 2022	
Ultra-low CTE and halogen-free laminate for automotive	Sample certification stage		Q2 2022	
Non-woven fabric low dielectric and low loss laminate	Material R&D stage		Q4 2022	
High Comparative Tracking Index (CTI) and Halogen Free CCL	Sample certification stage		Q1 2022	
Halogen Free and Ultra Low Loss CCL for Servers	Sample certification stage		Q1 2022	
Ultra-low CTE SLP	Sample certification stage		Q3 2022	
High dielectric and high thermal conductivity laminate for antenna	Sample certification stage		Q3 2022	
High dimensional stability build-up film	Sample certification stage		Q3 2022	
High heat resistance resin-coated copper foil	Sample certification stage		Q3 2022	
Ultra-low loss PFA FCCL	Sample certification stage		Q2 2022	
Ultra-low loss MPI FCCL	Sample certification stage		Q2 2022	
High heat-resistant FCCL for new energy vehicle	Sample certification stage		Q3 2022	
High folding resistant FCCL for foldable phone	Material development stage		Q3 2022	
Casting low loss MPI FCCL	Material development stage		Q4 2022	

3. Short- and long-term business development plans

Short-term business development plans	Long-term business development plans
1. To conduct division of labor and integration in and between Taiwan and mainland China, so as to control manufacturing costs and maximize economic scale and benefits. 2. To serve customers from near locations, provide customers with flexible production systems, and proactively make deployment and strategies. 3. Introduce new equipment to improve the quality and efficiency of existing equipment and improve production yields. 4. To continue to develop green and high-end products with high added value, and proactively strive for orders from major international manufacturers, so as to continue to adjust product portfolios, create greater profits, and increase market share. 5. We are expanding our production capacity to meet the growing total market demand and are actively developing and marketing high-density interconnect materials and markets. 6. To cooperate with the strategic partners in the upstream and downstream to develop products to be applied in the special high-end materials, such as high-frequency and millimeter-wave radars etc., for 5G products. 7. To develop the LCP and low-loss materials to be widely applied in the PCB design of high-end products.	1. To strive for becoming a leading professional electronic material manufacturer with brand influence in the world. 2. To become one of the top three multi-layer laminate material manufacturers and the top four professional high-end multi-layer board OEMs in the world. 3. To obtain funds by utilizing the financing tools in domestic and overseas capital markets to deal with the expansion of operating scale. 4. To strengthen the recruitment and training of talents, make succession plans, and create a high-performance and cross-functional work team in the spirit of sustainable operating. 5. To develop to more overseas PCB markets and more end customers by utilizing the production capacity and R&D strength of Taiwan plants. 6. To research and develop laminate materials, and accelerate mass production plans to provide more diverse materials to customers.

II. Market Analysis and Status of Goods Production and sales

(I) Market Analysis

1. Sales regions and amount of the Company's major products

Unit: NT$ thousand

Item \ Year		2020		2021	
		Sales Amount	Proportion in Revenue (%)	Sales Amount	Proportion in Revenue (%)
Domestic Sales		1,042,345	4.10	1,082,899	3.33
Overseas Sales	Asia	24,142,440	94.97	31,111,019	95.65
	Europe	167,202	0.66	262,246	0.81
	America	20,497	0.08	19,106	0.06
	Other	49,203	0.19	49,418	0.15
	Subtotal	24,379,342	95.90	31,441,789	96.67
Total		25,421,687	100.00	32,524,688	100.00

2. Market share

There are many suppliers of copper foil laminates worldwide, mainly in the US, Japan, Korea, China and Taiwan. ITEQ is a global leader in laminate manufacturing and has not only advanced production technology, but also continues to plant green genes in key processes and development. According to a report published by Prismark Research in 2021, ITEQ ranked second in the global market share of high-end specialty laminates (market share: 12%) and second in the global market share of halogen-free materials (market share: 14%).

3. Supply and demand in the market and possible future growth

With the advent of the 5G era, the demand for base station/micro base station, data center/cloud products, automotive industry, Internet of Vehicles/Internet of Things, electric vehicles, smart home, smart phone and tablet PC is getting stronger and stronger, and countries around the world are promoting green and energy saving policies. In addition to actively developing high-end materials, our company has taken on the social responsibility of making materials halogen-free to meet the needs of environmental protection.

At present, PCB industry is still concentrated in mainland China. In the PCB supply chain system in mainland China, Taiwanese companies still have a significant market influence. The Company is more active than its peers in terms of layout and capacity planning in mainland China, and it has obtained advantageous conditions as compared with other companies. In addition, relatively speaking, Taiwanese manufacturers will benefit from the transfer of orders caused by China–United States trade war, and the Company's production capacity and R&D abilities in Taiwan also can provide and meet overseas customers' demands.

4. Competition Advantages

Various Advantages	Description
Market Advantages	● The Company has a comprehensive production layout and product lines across the Taiwan Strait. as well as complete sales channels and technical service system in the world. ● Continued expansion of production capacity has economies of scale. ● Cooperate with upstream and downstream strategic partners to obtain stable quantity of raw materials supply.

Various Advantages	Description
	● The Company improves customer services, meets delivery dates and a small number of diverse demands, and provides one-stop integrated services from materials to OEM.
Product Advantages	● The Company's ability to develop the core field of "resin formulation and coating technology" can meet the requirements of new generation products in the market for applications. ● The Company has a rigorous product manufacturing system and quality control ability. ● The Company positions its products clearly, and has complete high-end materials, special specifications and other advantageous product portfolios. ● We have developed new product lines of high-end high-density interconnect materials and carrier materials to meet more diversified market needs with a more comprehensive range of materials.
Technology Advantages	● The Company has a strong technical service team for providing complete solutions from materials to internal OEM. ● The Company makes schedules for R&D, launch and mass production of new products, and diversifies the proportion of products to reduce the risks of fluctuation in material prices. ● We are capable of developing high-end copper-clad laminates for high-frequency, high-speed and millimeter-wave radar, as well as developing flexible copper-clad laminates, LED thermal modules, high-density interconnect boards and carrier boards. ● The Company has a strong technical team and the ability to design and develop products together with end customers.
Management Advantages	● The Company's professional management team has more than a decade of rich experience in the industry. ● The Company makes business-oriented capacity plans and adopts concentrated management to maintain a high capacity and utilization. ● The Company uses flat organization and elite labors to keep a high level of combat effectiveness. ● We will continue to recruit talents from both inside and outside the industry to strengthen our marketing capabilities in various product areas.

5. Advantageous and disadvantageous factors for future development and countermeasures

Future Development	Description
Advantageous Factors	● The demand for energy-saving and carbon-reducing green environment continues, and the demand for environmental protection laminates increases. ● The Company has strong R&D abilities, has the key technologies of "resin formulation and coating technology", and has cost advantages for key materials. ● The Company has a good ability to control costs and improve processes, and can meet customers' demands for flexible production. ● The Company has complete material product lines from low-end to high-end, and can provide one-stop integrated services. ● We have a high degree of accuracy in judging the price trends of raw materials and have the bargaining power and purchasing advantage of economic scale. ● The Company cooperates with ITRI closely to develop new products jointly in the form of entrustment of projects, and has complete product R&D abilities.
Disadvantageous Factors	● The prices of basic raw materials remain high, increasing the difficulties to pass on the cost pressure, which affect the Company's profitability. ● The expansion of production capacity in the raw materials market has been slow, and the supply of raw materials has not met the demand, which has affected the quantity of goods supplied. ● Global transportation congestion continues, air and sea freight costs are much higher than in the past, and it is more difficult to prepare raw materials. ● The sales markets are concentrated in various regions, and it is advisable to increase the proportion of sale in other regions. ● There is an increase in the costs of production in mainland China, including salaries and wages, new corporate income tax systems, environmental protection regulations, and labor contract laws...etc.

Future Development	Description
Countermeasures	● To diversify the sources of raw materials, avoid concentration on the same supplier, and improve bargaining ability; develop key raw materials independently to reduce costs and avoid the risk of being short of materials; strive to make communication and coordination, and reasonably pass on the costs of response; continue to research and develop the proportion of material formulation and adjust production processes to decrease costs and increase profits. ● To work with overseas sales team to expand and strengthen overseas markets such as North America and Europe. ● To improve environment, save energy, reduce wastes, improve environmental protection equipment, comply with environmental protection regulations and industrial safety requirements, increase the proportion of automated production equipment, increase yield, and control staff operating costs. ● To optimize gross margins, we are restructuring our products by reducing the proportion of materials for consumer electronics products and increasing the proportion of production and sales of high-end materials.

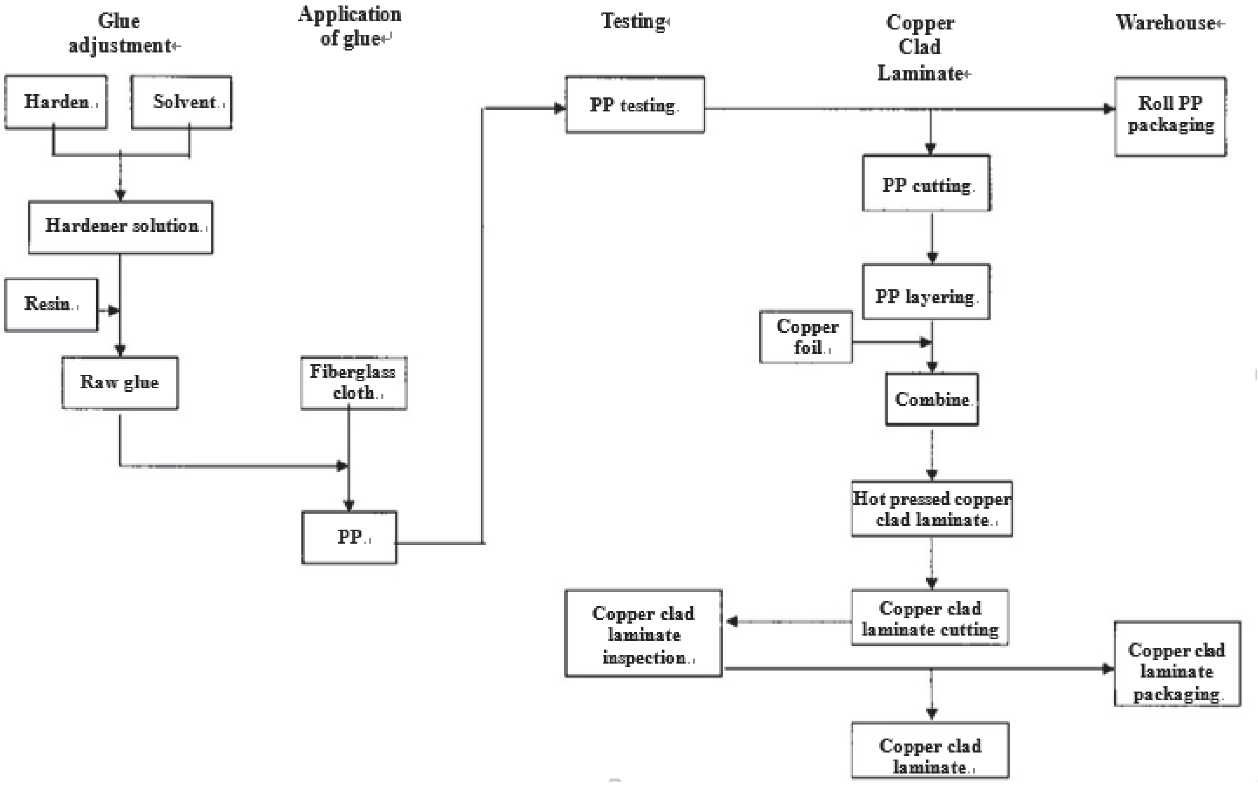
(II) Important Uses and Manufacturing Processes of Major Products

1. Important uses

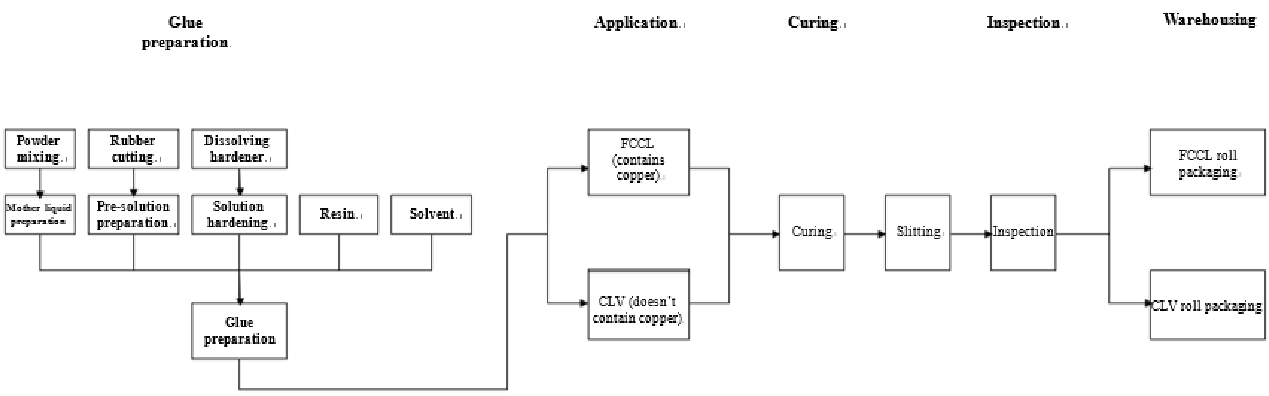
Product or Service	Major Uses or Functions
CCL	It is the main raw material of PCBs. The internal structure of PCB is mainly composed of the CCL in the inner layer and the copper foil in the outer layer. The CCLs must have not only the mechanical processing strength and electrical insulation performance required for manufacturing PCBs, but also good thermal conductivity, chemical resistance, high temperature resistance or other special performances according to the requirements for PCBs with different functions. PPs are used as insulating materials between CCLs and copper foils.
PP	
MLB	It is the front-end process for multi-layered PCB, and it is manufactured from internal circuits and internal dry films and then pressed to form.

2. Manufacturing process

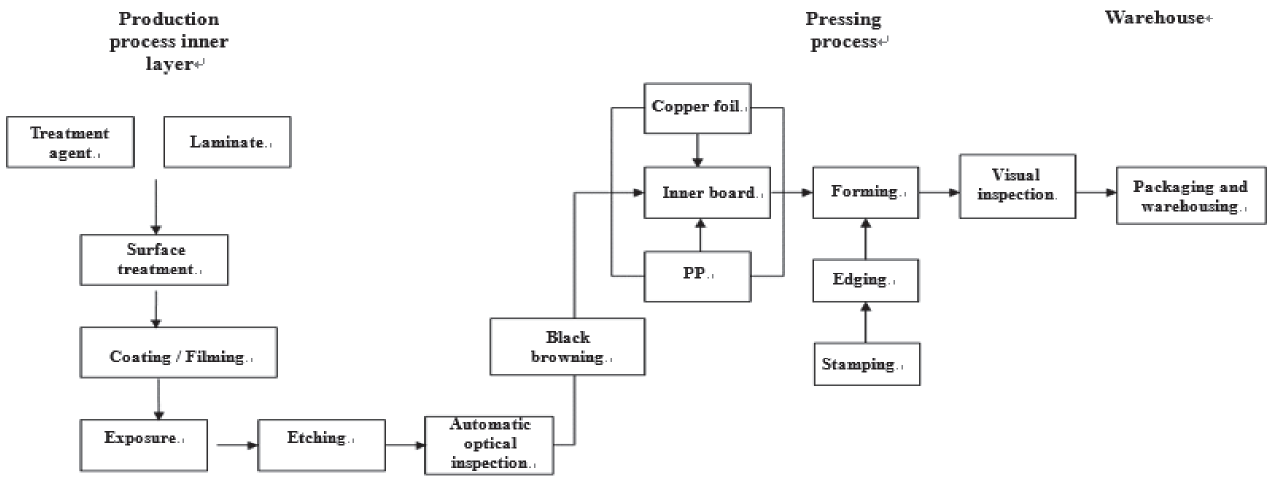
Manufacturing process of CCLs:



Manufacturing process of FPC CCLs:



Manufacturing process of MLBs:



(III) Supply Status of Key Materials

The major raw materials produced by the Company are fiberglass clothes, epoxy resin and copper foils, etc. Its suppliers are all well-known domestic and overseas manufacturers with a certain good quality.

The Company's procurement sources of various raw materials are diversified. In addition to cooperation with various suppliers for many years, the Company maintains good cooperative relations with them, and actively develops new sources of purchases, thus, there’s no shortage suffered by it.

(IV) List of Major Suppliers and Customers

1. Data of the suppliers from which over 10% of goods were supplied in the most recent two years

Unit: NT$ thousand

Item	2020				2021				2022 as of Q1			
	Name	Amount	Proportion in the Net Annual Purchase Amount (%)	Relation with the Company	Name	Amount	Proportion in the Net Annual Purchase Amount (%)	Relation with the Company	Name	Amount	Proportion in the Net Annual Purchase Amount (%)	Relation with the Company
1	Company A	4,331,170	24.04	None	Company A	6,240,765	24.86	None	Company A	1,538,916	26.85	None
2	Company B	4,132,724	22.94	None	Company B	5,881,009	23.42	None	Company B	1,291,879	22.54	None
	Other	9,555,265	53.02	–	Other	12,985,057	51.72	–	Other	2,900,725	50.61	–
–	Net purchase amount	18,019,159	100.00	–	Net purchase amount	25,106,831	100.00	–	Net purchase amount	5,731,520	100.00	–

Note 1: Codes may be used for the parties whose names shall not be disclosed pursuant to a contract term or who are non-related individual.

Description of the reason for the increase or decrease: Prices are controlled by virtue of quantity to reduce the unit price of purchase, in order to avoid excessively concentrated purchase form a single group.

2. Data of the customers to whom over 10% of goods were sold in the most recent two years

Unit: NT$ thousand

Item	2020				2021				2022 as of Q1			
	Name	Amount	Proportion in the Net Annual Sales Amount (%)	Relation with the Company	Name	Amount	Proportion in the Net Annual Sales Amount (%)	Relation with the Company	Name	Amount	Proportion in the Net Annual Sales Amount (%)	Relation with the Company
1	Company C	3,302,190	12.99	None	Company C	3,409,042	10.48	None	Company C	850,116	10.28	None
2	Company D	2,660,530	10.47	None	Company D	3,109,494	9.56	None	Company D	772,675	9.34	None
	Other	19,458,967	76.54	–	Other	26,006,152	79.96	–	Other	6,646,267	80.38	–
–	Net sales amount	25,421,687	100.00	–	Net sales amount	32,524,688	100.00	–	Net sales amount	8,269,058	100.00	–

Note 1: Codes may be used for the parties whose names shall not be disclosed pursuant to a contract term or who are non-related individual.

Description of the reason for the increase or decrease: There was no obvious increase or decrease.

(V) Production Volume/Value of the Most Recent Two Years

Unit: NT$ thousand

Year / Production Volume and Value / Major Products	2020			2021		
	Production Capacity	Production Volume	Production Value	Production Capacity	Production Volume	Production Value
CCL (thousand SH)	43,040	35,668	13,611,997	45,686	40,540	19,719,366
PP (thousand M)	182,107	147,954	8,729,809	209,563	171,031	12,179,496
MLB (thousand SF)	2,398	2,368	633,662	2,153	2,115	487,029
FPC CCL (thousand M2)	3,298	3,112	1,253,910	2,990	2,309	790,637
Other			499,339			432,559
Total			24,728,717			33,609,087

(VI) Sales Volume/Value of the Most Recent Two Years

Unit: NT$ thousand

Year / Sales Volume and Value / Major Products	2020				2021			
	Domestic Sales (Taiwan)		Overseas Sales		Domestic Sales (Taiwan)		Overseas Sales	
	Sales Volume	Sales Value	Sales Volume	Sales Value	Sales Volume	Sales Value	Sales Volume	Sales Value
CCL (thousand SH)	1,366	612,142	37,329	15,059,741	1,422	729,142	39,833	20,613,456
PP (thousand M)	3,103	349,536	82,413	7,020,241	2,798	341,820	89,927	8,940,193
MLB (thousand SF)	-	-	2,057	541,541	-	-	2,001	479,286
FPC CCL (thousand M2)	-	-	3,110	1,692,413	-	-	3,471	1,338,659
Other		80,667		65,406		11,937		70,195
Total		1,042,345		24,379,342		1,082,899		31,441,789

III. Employees

Year		2020	2021	March 31, 2022
Number of Employees	Director labor	2,610	2,941	3,137
	Indirect labor	640	705	705
	Total	3,250	3,646	3,842
Average Age		33.71	34.92	35.09
Average Service Year		3.78	4.49	4.38
Education Background Ratio (%)	PhD	0.11	0.17	0.13
	Master	2.71	3.18	3.07
	Junior college	23.44	20.30	20.55
	High school	47.69	44.08	49.86
	Below high school	26.05	32.27	26.39

IV. Environmental Protection Expenditure

(I) The total amount of losses (including compensation) arising out of environmental pollution in 2021: RMB380 thousand yuan.

(II) Countermeasures in future (including improvement measures) and possible expenditures:

1. Violation of environmental protection laws and regulations as well as penalties against ITEQ (Huangjiang) plant are described as follows:
   (1) On December 10 and December 31, 2020, on-site inspections and investigations by the Bureau of Ecology and Environment found that the Company was producing normally and the wastewater treatment facilities were in operation. According to the Monitoring Report [Report No.: ZMR20110471] issued by Guangdong Zhengming Detecting Technology Co. Ltd. On December 24, 2020: The total aluminum of the company's production wastewater discharge (WS-00001) exceeded 0.70 times. A fine of RMB190,000 was imposed on the Company for violating the provisions of the Water Pollution Control Act.
   (2) On July 30, 2021, on-site inspections and investigations by the Bureau of Ecology and Environment found that the Company was producing normally and the wastewater treatment facilities were in operation. According to the Monitoring Report (Report No. XCDE21070424) issued by Guangdong Xinchuang Huake Environmental Protection Company Limited on August 4, 2021: The company's production wastewater discharge (WS-00001) exceeded the fluoride standard by 0.84 times, violating the provisions of the Water Pollution Act and imposing a fine of RMB190,000 on the Company.
   Improvement measures:
   The first time the discharge exceeds the standard is mainly due to the wastewater treatment facilities, the aluminum exceeds the standard by 0.7 times, and the abnormal improvement is as follows:
   a. Increase the use of aluminizing agent.
   b. Reduce the anode treatment method to reduce the aluminum ion content.
   c. WS-00001 discharge port must be retested before each discharge, the supervisor and operation of the discharge staff on-site inspection, not up to standard backflow reprocessing.
   d. Equipment abnormalities immediately the first time to deal with special emergency situations using emergency pool temporary storage.
   The fluoride exceeded the standard 0.84 times for the second time, mainly due to the use of new drugs that did not assess the fluoride content in the pharmaceutical content, which affected the fluoride content in the treated wastewater:
   a. Discontinue the use of new drugs.
   b. The use of new drugs or the adoption of new processes must be strictly in accordance with the evaluation requirements of the operation process, and it is strictly prohibited to put them into use before confirming compliance with the requirements or extending to other environmental problems.

2. Due to the increased awareness of environmental protection, the Company, as a member of the society, shall respond to the requirements for environmental protection quality. Nowadays, various standards for discharge of pollutions are becoming stricter and stricter. In response to this trend, the Company has continuously invested a lot of manpower and funds in recent years to expand and maintain pollution prevention equipment, so as to meet the standards stipulated by government. The plants promoted environment safety and health management system. After its establishment, Xinpu plant passed ISO14001: and OHSAS 18001 certifications in 2014. Other plants passed reassessment every year, and continued environment safety and health management. They changed their attitudes from

passive compliance with environment safety and health laws and regulations in the past into the pro-active and conscious compliance through implementation of environment safety and health management system, which will facilitate the Company to show its performance in environment safety and health and improve its corporate system and competitiveness in the market, so as to improve the Company's image and further achieve the goal of sustainable management.

(III) Protective measures for work environment and employees' personal safety

ITEQ provides a safe and healthy working environment for employees and protects their life safety and health; and implements regular safety and health activities:

Safety, health and hazard awareness training for new employees.

The relevant units regularly implement weekly and monthly environmental and facility inspections.

General safety and health on-the-job training for employees.

The training of special operation employees, such as first aid personnel, free radiation operation workplace every six months regularly implement the organic solvent, noise, carbon dioxide and lighting environmental measurement personnel, organic solvent operation supervisor, forklift operators, etc., to implement the environmental safety work skills certification regulated by law.

Item	Description	Result
Establishment of a safety and health management unit	Establish a safety and health management unit (Work Safety and Health Department) in accordance with Labor Safety and Health Act.	The Company has established Work Safety and Health Department being responsible for promoting labor safety and health management.
Formulation of the rules for staff safety and health at work as well as safety and health management plans	Specify safety and health duties for employees to follow safety and health matters, and include them in daily inspection to ensure safe operation in the plants.	1. The Company has established the Rules for Workers' Safety and Health at Work and reported it to the Ministry of Labor for reference. 2. The plants are equipped with work safety and health persons to conduct safety inspections and audits in the workplaces of the plants to maintain the safety and health of workers.
Self-inspection and environment management	● Inspect various machines and operating points, and conduct regular maintenance, safety inspection and management on and for hazardous machinery and equipment. ● Test and assess operating environment on semiannual basis. ● Conduct public safety inspection on buildings annually.	1. There are dedicated persons conducting patrol inspection on dangerous equipment every day, and conducting safety inspection regularly. 2. The Company entrusts the safety inspection institution recognized by the Ministry of Labor to carry out regular safety inspection every year. All results in 2021 complied with safety regulations. 3. The Company inspects operating environment semiannually. All results comply with operating environment standards.
Establishment of special	● Establish supervisors and professional persons for special operation in	1. The Company will conduct safety trainings for new employees

Item	Description	Result
persons, education and training	accordance with Safety and Health Act. ● Arrange persons to receive internal trainings and external license trainings to improve the professional quality of personnel. ● Receive regular retraining by the supervisors and professional persons for special operation.	immediately upon enrollment. 2. The Company arranges persons to receive external trainings irregularly, including trainings for organic solvent operating supervisors, stacker operators and dangerous equipment operators.
Fire Safety and Management	● Establish fire-fighting and fire alarm systems, as well as fire-extinguishing facilities, and regularly inspect and maintain them. ● Entrust a qualified organization to conduct fire safety inspection every year. ● Conduct firefighting training every six months to train personnel's fire-fighting knowledge and response ability.	1. The fire-fighting facilities of the Group's branches are established in accordance with local fire-fighting laws and regulations. 2. Fire-fighting facilities are inspected and tested by fire-fighting department every month, and the Company entrusts a professional company to carry out inspection and testing every year. 3. The plants regularly implement trainings on fire-fighting knowledge as well as the operation and use of fire extinguishers. 4. The plants have established emergency response organizations, and conduct drills and training for the response organizations every year to deal with accidents.

V. Employment relations management

(I) The Company's staff benefit measures, continuing education, training, retirement systems, and their implementation status, labor-management agreements, and measures for safeguarding staff rights and interests

1. The Company provides various complete safety systems, and offers retirement and labor health insurance, complete education and trainings, incentive remuneration, etc. Its relevant benefit policies are as follows:

(1) Staff benefit measures

A. If annual business goals are met: pay dividends and year-end bonuses.

B. Pay performance bonuses according to the production and operating conditions of every month.

C. Encourage employees to subscribe shares, and participate in the Company's operating jointly.

D. Retirement systems: implemented in accordance with Labor Standards Act.

E. Provide Labor Insurance, National Health Insurance, Employee Group Insurance (Term, Accident and Medical Insurances), Business Travelling Group Injury Insurance.

F. Organize employees for regular health checkup

G. Provide various staff trainings and regularly hold book clubs.

H. Provide meals for staff free of charge.

I. Provide staff with uniforms for free.

J. Provide dormitories and traffic vehicles, and establish basketball and tennis courts, as well as recreational green spaces in plant area.

K. Allocate a certain amount as staff benefits for Staff Benefit Committee to handle various subsidies (marriage, childbirth, employee retirement, bereavement and family member bereavement and other subsidies) and staff culture, health, sports, and other leisure activities.

(2) Employee education and training

A. Have planned a complete talent development system, and formulated "Annual Education and Training Plan", including pre-job training for new employees, management functions training, professional functions training, external training, staff self-development, etc., in order to cultivate the professional talents needed by the Company, and develop the professional skills and management functions of employees.

B. Effectively promote new employees' understanding of the Company's business philosophy, corporate culture, product awareness and quality control, labor safety and health, environment protection concepts, etc., and conduct pre-job training to cultivate outstanding employees for ITEQ.

C. Arrange training courses for the professional knowledge and skills needed by employees at all levels, cultivate management persons concerning their professional quality and ability to communicate with leaders, develop personal learning and development blueprints, promote the "Professional and Management Functions" training program, and implement "Professional Talents Certification" system.

Unit: NT$ thousand

Type of Course	Number of Persons	Training Hours	Training Costs
New employee training	7,458	27,331	4,974
Supervisor ability training	800	12,941	
Quality and profession training	11,668	26,928	
Environment safety and health training	12,908	30,512	
Technical engineering training	1,170	4,098	
Professional functions training	26,395	94,986	
Corporate culture and general knowledge training	10,041	21,950	
Total	70,440	218,746	

(3) Employees' Welfare

The Company attaches importance to employee health and welfare measures and has an industrial safety and health department. In addition to regular annual employee health checkups, safety education and health seminars are implemented from time to time to prevent occupational accidents in order to maintain the physical and mental health of employees and improve their productivity and satisfaction at work.

Object	Applied object	issue	Channels for assessment and communication	Relief Measures
Employee	All employees	Health Promotion	1.Annual health examination 2. Occupational disease prevention 3.Employee health protection plan 4.Occupational safety and health committee	1. Grading management according to the results of employee health examination reports, providing health information and medical consultation. 2.Work environment monitoring and

				prevention of occupational disease inspection. 3.Work environment improvement and health seminars. 4.Monthly on-site consultation with occupational physicians to assist in the implementation of health plans. 5.Implementation of four major plans.

(4) Industry-Academia Cooperation

The Company has an industrial-academic cooperation with the Department of Energy and Chemical Engineering of National Cheng Kung University and the Department of Chemical Engineering and Biotechnology of Taipei University of Technology to provide internships for students in the second semester of their senior year. After graduation, we will sign a three-year contract with them and provide a long-term training program for our reserve cadres. In addition to annual salary adjustments, long-term bonuses, guaranteed year-end bonuses, and other incentive bonuses, we will also provide training at overseas plants so that they can become important successors of the Group in the future.

In 2021, we have a total of 7 industrial-academic collaborations with the Department of Energy and Chemical Engineering of National United University and the Department of Chemical Engineering and Biotechnology of Taipei University of Technology.

(5) Staff work-family balance

In order to promote the balanced physical and mental development of employees and the concept of a healthy workplace, we provide various insurance benefits and pension contributions in accordance with local laws and regulations, as well as group insurance that is superior to the law to protect the safety of employees at work and in life. At the same time, we encourage employees to get married and have children by providing car parking spaces for pregnant women, breastfeeding rooms, maternity leave, paternity leave, family care leave, wedding leave and maternity gifts from the Welfare Committee.

2. Retirement system and its implementation status

Retirement System	Old system	New system
Applicable laws	Labor Standards Act, a defined benefit retirement plan	Labor Pension Act, a defined allocation and retirement plan managed by government
How to allocate	The accumulated retirement reserve has been sufficient to cover the labor retirement reserve. After consideration and approval by the Labor Pension Supervisory Committee and approval by the Taoyuan County Government and the Hsinchu County Government, the Labor Retirement	The Company allocates 6% to their individual dedicated pension accounts of the Labor Insurance Bureau according to each employee's insurance level.

	Reserve Fund is suspended from March 2008 to February 2011 and from March 2021 to March 2023.	
Allocated Amount	The fair value of plan assets as of the end of 2021 was NT$47,666 thousand and the accrued pension liability was NT$22,082 thousand.	The contribution to pension for 2021 is NT$14,020 thousand.

Subsidiaries operating in the PRC participate in a social insurance plan administered and coordinated by a local government agency in the PRC. The plan is on a defined contribution basis, and pension insurance premiums paid to the government-administered social insurance plan are accrued as a percentage of wages in accordance with the standards set by the local government3

3. Labor-management agreements and measures for safeguarding staff rights and interests

   The Company has a harmonious labor-management relation, and employees have a high cohesion force for the Company. In addition to strengthening the communication between employees and employer, teamwork, attaching importance to employees' opinions and complaints, as well as establishment of an Employee Benefit Committee to be responsible for the planning for staff benefits, the Company establishes "Suggestion Box" in its plants for its staff opinions to be delivered to General Manager and Chairman directly, holds regular employees' meetings, and implements sexual harassment prevention and punishment rules, therefore, there's no labor dispute occurred until now.

(II) Losses arising from labor disputes in the most recent year as of the publication date of the Annual Report, and disclosure of current and future possible losses and countermeasures

1. Current and future possible countermeasures: None.
2. Current and future possible loss: None.

(III) Employees' Code of Conduct

Have formulated Code of Conduct and Employees' Code of Conduct to clearly deliver the rules to ITEQ Directors, Managerial Officers and employees for them to follow. Their contents are as follows:

1. All employees' acts shall be honest and ethical. All employees shall avoid benefiting themselves in case of any conflict of interest between themselves and the Company.
2. The Company's confidential information shall be kept confidential.
3. Treat employees, customers, suppliers, and competitors in a fair manner.
4. Protect the Company's assets for effective utilization.
5. Comply with government laws, rules and regulations, including insider trading-related laws and regulations.
6. Have the measures for dealing with and imposing penalties on any violation or possible violation of regulations.

VI. Information Security

(I) Describe the information security risk management framework, information security policies, specific management plans and resources devoted to information security management.

1. Information Security Organization: In 2007, the Company established the "Information Security Committee" to coordinate and promote information security management to

maintain the security of the Company's information assets. The information security-related management rules, system management and new technology evaluation and research are the responsibility of the Information Management Department.

2. Information Security Policy:

(1) Establish information security management standards that comply with regulations and customer needs.
(2) Protect the confidentiality, integrity and availability of valuable company information.
(3) Make employees aware of information security and reach a consensus that everyone is responsible for information security.

3. In order to strengthen information security management and ensure the security of data, systems, equipment and network, the Company has established information security management measures. The specific measures are as follows:

Risk Items	Management unit	Countermeasures
Education, training and propaganda	Administration Department Asset Management Department	Conduct the education, training and propaganda of asset management security, establish the staff's conception of information security and strengthen the awareness of information security, and be responsible for the system's authentication, password control, access authorization and periodic weakness scanning.
Cyber threat	Asset Management Department	The network establishes multi-level defense such as IPS, firewall, next-generation firewall, and two-factor VPN, and establishes control mechanisms such as computer virus detection, spam filtering, outgoing mail release control, Internet behavior management, and portable electronic storage media to reduce network threats.
Asset management	Asset Management Department	Information software/hardware assets are registered and controlled, and personnel operation-related privileges must be applied for and approved before use is authorized. All the information appliance shall be configured according to the standard setup of the Company when entering, leaving the plant. All equipment leaving the plant shall be formatted or destroyed to confirm that there is no data leakage.
Redundancy mechanism	Asset Management Department	Maintain redundancy and remote backup of essential services and data to ensure uninterrupted service and data loss. Implement annual backup recovery exercises for critical systems.
File encryption	Asset Management Department	Use document security encryption technology to protect the company's internal confidential information, separate different roles and privileges, and prevent unauthorized leakage of sensitive documents.
Business Continuity	Asset Management Department	Evaluate annually the impact of various man-made and natural disasters on business operations, review emergency response and recovery procedures and the rights and responsibilities of relevant personnel, and rehearse and adjust updated plans.
Operational audits	Audit Office and relevant units	To ensure the implementation of daily operations, annual audits of information security operations are conducted by the

		Audit Department in conjunction with all relevant units.

4. Information security-related education and training:

In 2021, the Group held a total of 19 classes, 23 hours and 263 attendees for information security related education and training courses: Introduction and basic operation of file encryption system, two-factor VPN, file policy application and management.

In 2021, the Group held a total of 38 information security presentations, including: Spam phishing prevention, mailbox archiving pst files, computer account password change, file encryption matters, spam and ransomware prevention, shared folder permissions, file security check and software copyright, etc.

5. The Company has invested in information security resources to strengthen the information security of some plants in 2021: Document encryption promotion, two-factor VPN in Mainland China, outgoing mail release control in South China, next-generation firewall, Internet behavior management in Xinpu factory, and UPS battery replacement in server room.

(II) In the most recent year, the loss suffered due to a major information security incident, the possible impact and the response measures.

1. The Company has no significant information security incidents that could cause business damage.
2. We will continue to implement specific measures for information security management in order to protect the security of our information assets.

VII. Important Contracts

Type of Contract	Party	Contract Duration	Contract Content	Restrictions Terms
Plant leasing contract	WIN Semiconductors Corp.	January 9,2013~ December 31,2028	The Company rented 14 lands and plants, including No. 244 land plot, Xinpu Town, Hsinchu County, from WIN Semiconductors Corp.	—
Long-term borrowing contract	KGI Commercial Bank	December 20,2021~ December 20,2023	NT$700 million of credit line	—
Long-term borrowing contract	Agricultural Bank of Taiwan	May 24,2019~ May 24,2022	NT$500 million of credit line	—
Long-term borrowing contract	Bank of China	June 4,2021~ June 4,2023	US$25 million of credit line	—

Chapter VI. Financial Information

I. Condensed Financial Information of the Most Recent 5 Years

(I) Condensed Balance Sheet and Income Statement

1. Condensed Balance Sheet (Consolidated Statements) - International Financial Reporting Standards (IFRS)

Unit: NT$ thousand

Item \ Year		Financial Information of the Most Recent Five Years (Note 1)					Financial Information as of March 31, 2022 (Note 2)
		2017	2018	2019	2020	2021	
Current assets		14,703,017	15,116,866	17,982,751	18,604,627	24,375,369	24,797,178
Property, plant and equipment		2,715,573	2,392,737	3,622,555	4,529,625	6,504,769	6,796,925
Right-of-use assets		–	–	425,833	370,720	310,873	307,118
Intangible assets		8,773	9,055	9,675	8,713	8,360	8,617
Other assets		612,379	1,176,646	1,439,534	2,170,693	5,037,915	3,704,075
Total assets		18,039,742	18,695,304	23,480,348	25,684,378	36,237,286	35,613,913
Current liabilities	Before distribution	9,560,197	9,404,083	12,544,426	9,978,761	14,264,805	–
	After distribution	10,499,364	10,555,320	14,209,212	11,643,547	16,179,591	14,158,527
Non-current liabilities		1,193,711	1,299,249	2,010,391	2,311,963	657,743	671,531
Total Liabilities	Before distribution	10,753,908	10,703,332	14,554,817	12,290,724	14,922,548	–
	After distribution	11,693,075	11,854,569	16,219,603	13,955,510	16,837,334	14,830,058
Equity attributable to owners of parent company		7,285,834	7,991,972	8,925,531	13,393,654	21,314,738	20,783,855
Share capital		3,029,572	3,029,572	3,029,572	3,329,572	3,829,572	3,829,572
Capital surplus		653,239	653,239	653,239	3,682,051	9,690,481	9,694,618
Retained earnings	Before distribution	3,509,895	4,514,841	5,826,110	6,826,967	8,308,867	–
	After distribution	2,570,728	3,363,604	4,161,324	5,162,181	6,394,081	7,203,194
Other equity		93,128	(205,680)	(583,390)	(444,936)	(514,182)	56,471
Treasury shares		–	–	–	–	–	–
Non-controlling equity		–	–	–	–	–	–
Total equity	Before distribution	7,285,834	7,991,972	8,925,531	13,393,654	21,314,738	–
	After distribution	6,346,667	6,840,735	7,260,745	11,728,868	19,399,952	20,783,855

Note 1: The financial information has been audited by CPAs.

Note 2: The financial information has been reviewed by CPAs.

2. Condensed Balance Sheet (Individual Statements) - International Financial Reporting Standards (IFRS)

Unit: NT$ thousand

Item \ Year		Financial Information of the Most Recent Five Years (Note 1)				
		2017	2018	2019	2020	2021
Current assets		3,190,581	2,423,157	3,459,316	2,743,473	3,403,825
Long-term investment		9,160,979	10,703,125	11,889,401	14,668,632	18,346,299
Property, plant and equipment		989,036	816,832	694,635	543,675	295,185
Right-of-use assets		–	–	258,025	229,848	200,295
Intangible assets		–	–	–	–	–
Other assets		180,963	221,524	334,970	323,771	1,393,603
Total assets		13,521,559	14,164,638	16,636,347	18,519,399	23,639,207
Current liabilities	Before distribution	5,056,736	4,895,916	5,833,038	2,925,415	1,756,218
	After distribution	5,995,903	6,047,153	7,497,824	4,590,201	3,671,004
Non-current liabilities		1,178,989	1,276,750	1,877,778	2,200,330	568,251
Total Liabilities	Before distribution	6,235,725	6,172,666	7,710,816	5,125,745	2,324,469
	After distribution	7,174,892	7,323,903	9,375,602	6,790,531	4,239,255
Equity attributable to owners of parent company		7,285,834	7,991,972	8,925,531	13,393,654	21,314,738
Share capital		3,029,572	3,029,572	3,029,572	3,329,572	3,829,572
Capital surplus		653,239	653,239	653,239	3,682,051	9,690,481
Retained earnings	Before distribution	3,509,895	4,514,841	5,826,110	6,826,967	8,308,867
	After distribution	2,570,728	3,363,604	4,161,324	5,162,181	6,394,081
Other equity		93,128	(205,680)	(583,390)	(444,936)	(514,182)
Treasury shares		–	–	–	–	–
Non-controlling equity		–	–	–	–	–
Total equity	Before distribution	7,285,834	7,991,972	8,925,531	13,393,654	21,314,738
	After distribution	6,346,667	6,840,735	7,260,745	11,728,868	19,399,952

Note 1: The financial information has been audited by CPAs.

3. Condensed Comprehensive Income Statement (Consolidated Statements) - International Financial Reporting Standards (IFRS)

Unit: Unit: NT$ thousand, except for NT$ for each share

Item \ Year	Financial Information of the Most Recent Five Years (Note 1)					Financial Information as of March 31, 2022 (Note 2)
	2017	2018	2019	2020	2021	
Operating revenue	21,214,333	22,401,722	23,791,315	25,421,687	32,524,688	8,269,058
Operating gross profit	3,099,677	3,255,562	4,779,572	4,950,614	5,979,549	1,248,703
Operating income	1,752,441	1,784,390	3,103,529	3,218,206	3,819,496	643,921
Non-operating income and expense	138,136	407,493	(9,493)	176,315	(4,793)	332,081
Net profit before tax	1,890,577	2,191,883	3,094,036	3,394,521	3,814,703	976,002
Current net income from continued operating	1,244,702	1,774,557	2,463,300	2,665,565	3,144,803	809,113
Loss from discontinued operating	—	—	—	—	—	—
continued operating	1,244,702	1,774,557	2,463,300	2,665,565	3,144,803	809,113
Current other comprehensive income (or loss) (net amount after tax)	(110,826)	(126,085)	(378,504)	138,532	(67,363)	570,653
Current total comprehensive income	1,133,876	1,648,472	2,084,796	2,804,097	3,077,440	1,379,766
Net income attributable to owners of parent company	1,244,702	1,774,557	2,463,300	2,665,565	3,144,803	809,113
Net income attributable to non-controlling equity	—	—	—	—	—	—
Total comprehensive income attributable to owners of parent company	1,133,876	1,648,472	2,084,796	2,804,097	3,077,440	1,379,766
Total comprehensive income attributable to non-controlling equity	—	—	—	—	—	—
Earnings per share	4.11	5.86	8.13	8.19	9.00	2.11

Note 1: The financial information has been audited by CPAs.
Note 2: The financial information has been reviewed by CPAs.

4. Condensed Comprehensive Income Statement (Individual Statements) - International Financial Reporting Standards (IFRS)

Unit: Unit: NT$ thousand, except for NT$ for each share

Item \ Year	Financial Information of the Most Recent Five Years (Note)				
	2017	2018	2019	2020	2021
Operating revenue	3,524,331	4,042,620	5,024,371	5,218,052	3,680,011
Operating gross profit	457,942	448,430	781,774	590,763	(98,898)
Operating net income (or loss)	(87,827)	(130,264)	64,618	(200,378)	(761,761)
Non-operating income and expense	1,516,337	1,938,443	2,497,953	2,899,867	3,871,782
Net profit before tax	1,428,510	1,808,179	2,562,571	2,699,489	3,110,021
Current net income from continued operating	1,244,702	1,774,557	2,463,300	2,665,565	3,144,803
Loss from discontinued operating	–	–	–	–	–
continued operating	1,244,702	1,774,557	2,463,300	2,665,565	3,144,803
Current other comprehensive income (or loss) (net amount after tax)	(110,826)	(126,085)	(378,504)	138,532	(67,363)
Current total comprehensive income	1,133,876	1,648,472	2,084,796	2,804,097	3,077,440
Net income attributable to owners of parent company	1,244,702	1,774,557	2,463,300	2,665,565	3,144,803
Net income attributable to non-controlling equity	–	–	–	–	–
Total comprehensive income attributable to owners of parent company	1,133,876	1,648,472	2,084,796	2,804,097	3,077,440
Total comprehensive income attributable to non-controlling equity	–	–	–	–	–
Earnings per share	4.11	5.86	8.13	8.19	9.00

Note: The financial information has been audited by CPAs.

(II) Names and auditing opinions of CPAs in the most recent five years

Year	CPA Firm	CPA	Audit Opinion
2017	Deloitte & Touche	Jui-Chen Huang, Po-Jen Weng	An Unmodified Opinion
2018	Deloitte & Touche	Jui-Chen Huang, Po-Jen Weng	An Unmodified Opinion
2019	Deloitte & Touche	Cheng-Hsiu Yang, Po-Jen Weng	An Unmodified Opinion
2020	Deloitte & Touche	Cheng-Hsiu Yang, Po-Jen Weng	An Unmodified Opinion
2021	Deloitte & Touche	Cheng-Hsiu Yang, Po-Jen Weng	An Unmodified Opinion

II. Financial Analysis for the Most Recent Five Years

(I) Financial Analysis (Consolidated Statements) - International Financial Reporting Standards (IFRS)

Analysis Item / Year		Financial Analysis for the Most Recent Five Years					As of March 31, 2022 (Note 1) (Note 2)
		2017	2018	2019	2020	2021	
Financial Structure (%)	Liabilities to assets ratio	59.61	57.25	61.99	47.85	41.18	41.64
	Ratio of long-term capital to property, plant, and equipment	312.26	388.31	270.13	320.50	322.38	302.02
Solvency (%)	Current ratio	153.79	160.75	143.35	186.44	170.88	175.14
	Quick ratio	137.46	143.53	121.42	153.14	134.00	139.99
	Interest coverage ratio (times)	39.00	42.34	44.74	45.27	48.02	49.12
Operating ability	Receivables turnover ratio (times)	2.68	2.62	2.45	2.37	2.70	2.42
	Average days for cash receipts	136.00	139.00	149.00	154.00	135.00	151.00
	Inventory turnover ratio (times)	12.06	10.64	8.52	6.93	5.97	5.21
	Payables turnover ratio (times)	3.86	4.19	3.57	3.64	4.43	4.00
	Average days for sale of goods	30.00	34.00	43.00	53.00	61.00	70.00
	Property, plant and equipment turnover ratio (times)	7.61	7.77	5.90	4.42	3.70	3.15
	Total assets turnover ratio (times)	1.18	1.22	1.13	1.03	1.05	0.93
Profitability (%)	Return on assets	7.13	9.89	11.95	11.09	10.37	9.40
	Return on equity	17.54	23.23	29.12	23.89	18.12	15.73
	Net pre-tax profit to paid-in capital ratio	62.40	72.35	102.13	101.95	99.61	103.09
	Net profit ratio	5.87	7.92	10.35	10.49	9.67	9.78
	Earnings per share (NT$) (Note 1)	4.11	5.86	8.13	8.19	9.00	2.11
Cash flow (%)	Cash flow ratio	10.35	10.16	16.11	10.48	22.10	(0.19)
	Cash flow adequacy ratio	90.11	81.35	79.52	56.38	39.98	32.52
	Cash reinvestment ratio	1.74	0.12	5.94	(3.21)	6.54	(8.10)
Leverage	Operating leverage	1.30	1.30	1.19	1.24	1.25	1.53
	Financial leverage	1.03	1.03	1.02	1.02	1.02	1.02

The reasons for change in the financial ratios in the most recent two years are explained as follows (not required if the difference does not exceed 20%): 1. Increase in payables turnover ratio: Revenue for the fourth quarter of 2021 decreased by 10.07% compared to the third quarter and the balance of accounts payable at the end of the year was lower, while annual operating costs increased by 29.67% compared to 2020, resulting in an increase in the calculated turnover rate of accounts payable without any adjustment to the actual payment terms to customers. 2. Decrease in return on equity: Mainly due to the issuance of 50,000 thousand shares of new shares in 2021, which raised $6.5 billion in cash and increased total equity. 3. Increase in cash flow ratio: Net cash from operating activities in 2021 increased significantly by 2.01 times from the previous period to $3,153 million due to higher current net profit, depreciation and other payables. Current liabilities increased by only 42.95% at the end of 2021, resulting in a cash flow ratio increase of 1.11 times compared to the previous period. 4. Decrease in cash flow adequacy ratio: As a result of the expansion of the Jiangxi plant in recent years, the total net cash flow from operating activities in the past five years was not sufficient to cover the total capital expenditure, inventory and cash dividends paid in the past five years. 5. Increase in cash reinvestment ratio： Net cash flow from operating activities in 2021 is greater than the amount of cash dividends paid, and the ability to reinvest retained operating cash in assets is enhanced.

Note 1: Earnings per share were calculated based on the adjusted weighted average number of shares.

Note 2: The financial information was audited by CPAs.

(II) Financial Analysis (Individual Statements) - International Financial Reporting Standards (IFRS)

Analysis Item \ Year		Financial Analysis for the Most Recent Five Years				
		2017	2018	2019	2020	2021
Financial Structure (%)	Liabilities to assets ratio	46.12	43.58	46.35	27.68	9.83
	Ratio of long-term capital to property, plant, and equipment	855.87	1,134.72	1,134.02	2,015.97	4,416.52
Solvency (%)	Current ratio	63.10	49.49	59.31	93.78	193.82
	Quick ratio	56.48	43.09	46.89	70.94	161.92
	Interest coverage ratio (times)	30.40	43.08	50.39	76.94	128.00
Operating ability	Receivables turnover ratio (times)	3.41	3.50	3.40	3.43	2.93
	Average days for cash receipts	107.00	104.00	108.00	107.00	125.00
	Inventory turnover ratio (times)	9.79	10.12	7.66	6.10	5.12
	Payables turnover ratio (times)	2.67	3.43	3.35	3.77	4.48
	Average days for sale of goods	37.00	36.00	48.00	60.00	71.00
	Property, plant and equipment turnover ratio (times)	3.42	4.48	5.68	6.05	7.08
	Total assets turnover ratio (times)	0.26	0.29	0.33	0.30	0.17
Profitability (%)	Return on assets	9.53	13.07	16.26	15.33	15.02
	Return on equity	17.54	23.23	29.12	23.89	18.12
	Net pre-tax profit to paid-in capital ratio	47.15	59.68	84.59	81.08	81.21
	Net profit ratio	35.32	43.90	49.03	51.08	85.46
	Earnings per share (NT$) (Note 1)	4.11	5.86	8.13	8.19	9.00

Cash flow (%)	Cash flow ratio	0.90	(7.56)	1.64	(7.85)	(6.01)
	Cash flow adequacy ratio	(11.14)	(16.78)	(12.88)	(8.98)	(7.04)
	Cash reinvestment ratio	(770.32)	273.32	330.45	(101.72)	(61.83)
Leverage	Operating leverage	(1.52)	(0.60)	5.14	(0.10)	0.79
	Financial leverage	0.64	0.75	5.07	0.85	0.97

The reasons for change in the financial ratios in the most recent two years are explained as follows (not required if the difference does not exceed 20%):

1. Decrease in debt ratio: Mainly due to the issuance of 50,000 thousand shares of new shares in 2021 to repay bank loans, and the significant decrease in debt ratio due to operating profit.
2. Significant increase in ratio of long-term capital to property, plant, and equipment: Mainly due to the significant increase in total equity as a result of the cash capital increase.
3. Improvement in the current ratio and quick ratio: The high level of revenue, abundant cash, and the cash increase to repay bank loans led to the improvement of both current and quick ratio.
4. Increase in interest coverage ratio: Was caused by the significant decrease in interest expenses after repayment by cash capital increase.
5. Decrease in total assets turnover ratio: The increase in sales was less than the increase in total assets, mainly due to the increase in equity (capital increase) and fixed assets (plant expansion).
6. Decrease in return on equity: Mainly due to the issuance of 50,000 thousand shares of new shares in 2021, which raised $6.5 billion in cash and increased total equity significantly.
7. Increase in net profit ratio: Net income increased significantly due to earnings of subsidiaries recognized under the equity method, but individual revenue declined due to the impact of the fire.
8. Cash flow ratio: The net cash flow from operating activities in recent years was mostly outflow due to the earnings of subsidiaries recognized under the equity method. In addition, the negative cash flow ratio was reduced due to the decrease in current liabilities as a result of the increase in capital to repay bank loans.
9. Cash flow adequacy ratio: The total net cash flow from operating activities for the last five years was not sufficient to cover the total capital expenditures, inventory and cash dividends paid in the last five years.
10. Cash reinvestment ratio: In 2021, the net cash flow from operating activities was still less than the amount of cash dividends paid, and the ratio was still negative.
11. Operating leverage: Cost of goods sold and expenses were high in 2021 due to the impact of the fire.

Note 1: Earnings per share were calculated based on the adjusted weighted average number of shares.

Financial ratio calculation formulas are as follows:

1. Financial structure
   (1) Liabilities to assets ratio = Total liabilities/Total assets.
   (2) Ratio of long-term capital to property, plant, and equipment = (Total equity + Non-current liabilities)/Net value of property, plant, and equipment.
2. Solvency
   (1) Current ratio = Current assets/Current liabilities.
   (2) Quick ratio = (Current assets - Inventories - Prepaid expenses)/Current liabilities.
   (3) Interest coverage ratio = Income before tax and interest expenses/Interest expenses.
3. Operating ability
   (1) Receivables (including receivables and the notes receivable generated from operating) turnover ratio = Net sales amount/Average balance of receivables (including receivables and the notes receivable generated from operating) of the periods.
   (2) Average days for cash receipts = 365/Receivables turnover ratio.
   (3) Inventory turnover ratio = Cost of goods sold/Average inventories.
   (4) Payables (including payables and notes payable generated from operating) turnover ratio = Cost of goods sold/Average balance of payables (including payables and notes payable generated from operating) of the periods.
   (5) Average days for sale of goods = 365/Inventory turnover ratio.
   (6) Property, plant and equipment turnover ratio = Net sales amount/Average net property, plant and equipment.
   (7) Total assets turnover ratio = Net sales amount/Average total assets.
4. Profitability
   (1) Return on assets = [Income after tax + Interest expenses x (1 - tax rate)]/Average total assets.
   (2) Return on equity = Income after tax/Average total equity.
   (3) Net profit ratio = Income after tax/Net sales amount.
   (4) Earnings per share ＝ (Net income after tax - Dividends to preferred stock) / Weighted average of shares issued.
5. Cash flows
   (1) Cash flow ratio = Net cash flows from operating activities/Current liabilities.
   (2) Cash flow adequacy ratio = Net cash flows from operating activities of the recent five years/Capital expenditure + inventory additions + cash dividends of the recent five years.
   (3) Cash reinvestment ratio = (Net cash flows from operating activities - cash dividends)/(Gross amount of property, plant and equipment + Long-term investment + Other assets + Operating capital).
6. Leverage
   (1) Operating leverage = (Net operating revenue - Variable expenses and costs)/Operating income.
   (2) Financial leverage = Operating income/(Operating income - Interest expenses).

III. Audit Committee' Report for the Most Recent Year: Please refer to Appendix III (page 140) for details.

IV. The Financial Statements of the most recent year, together with CPAs' Audit Report: Please refer to Appendix IV (page 141) for details.

V. The Company's Individual Financial Statements audited by CPAs of the most recent year: Please refer to Appendix V (page 211) for details.

VI. Any financial difficulties experienced by the Company or its affiliates in the most recent year as of the publication date of the Annual Report: None.

Chapter VII. Review and Analysis on Financial Status and Performance, and Risks

I. Review and Analysis on Financial Status

Main reasons for and impact of significant changes in assets, liabilities and equity in the most recent two years,
future countermeasures shall be specified in case of significant effect.

(I) Financial Statements (Consolidated) - International Financial Reporting Standards (IFRS)

Unit: NT$ thousand

Item \ Year	December 31, 2020	December 31, 2021	Difference Amount	Change (%)
Current assets	18,604,627	24,375,369	5,770,742	31.02
Property, plant and equipment	4,529,625	6,504,769	1,975,144	43.61
Right-of-use assets	370,720	310,873	(59,847)	(16.14)
Intangible assets	8,713	8,360	(353)	(4.05)
Other assets	2,170,693	5,037,915	2,867,222	132.09
Total assets	25,684,378	36,237,286	10,552,908	41.09
Current liabilities	9,978,761	14,264,805	4,286,044	42.95
Long-term liabilities	1,640,000	–	(1,640,000)	(100.00)
Other Liabilities	671,963	657,743	(14,220)	(2.12)
Total Liabilities	12,290,724	14,922,548	2,631,824	21.41
Share capital	3,329,572	3,829,572	500,000	15.02
Capital surplus	3,682,051	9,690,481	6,008,430	163.18
Retained earnings	6,826,967	8,308,867	1,481,900	21.71
Other items of shareholders' equity	(444,936)	(514,182)	(69,246)	15.56
Total shareholder equity	13,393,654	21,314,738	7,921,084	59.14

- Analysis and description of increase (decrease) over 20%:
  1. Increase in current assets: Cash increase and revenue growth in the third quarter of 2021 resulted in higher cash balances, accounts receivable and inventories.
  2. Increase in property, plant and equipment: Was mainly caused by acceptance and recognition of phase II of the new plant in Jiangxi as fixed assets gradually.
  3. Increase in other assets: Was mainly caused by the increase in the prepayment for the equipment for phase III of Jiangxi plant;
  4. Increase in total assets: Cash increase, revenue growth and new plant expansion in 3Q 2021
  5. Increase in current liabilities: Mainly due to the increase in accounts payable and construction and equipment payables as a result of the growth in revenue and continued plant expansion.
  6. Decrease in long-term borrowing: Repayment of financial loans from cash capital increase.
  7. Increase in total Liabilities: Mainly due to the growth of revenue and continuous plant expansion, resulting in an increase in current liabilities.
  8. Increase in capital surplus: Mainly generated from the cash capital increase premium issue in the 3Q 2021.
  9. Increase in retained earnings: Mainly for operating profitability.

10. Total shareholder equity: Mainly due to the increase in cash and operating profit in the 3Q 2021.

- Impact of the changes in the financial status of the most recent two years: For the second consecutive year, the Company raised capital by issuing new shares to strengthen its financial structure and increase operational flexibility.
- Future countermeasures: N/A.

II. Review and Analysis on Financial Performance

Main reasons for the changes in the operating revenue, net operating income and net pre-tax profit of the most recent two years, estimated sales volume and its basis, possible effect on the Company's finance and business in the future, and plans in response.

(II) Financial Statements (Consolidated) - International Financial Reporting Standards (IFRS)

Unit: NT$ thousand

Year / Item	2020	2021	Difference Amount	Change (%)
Net operating revenue	25,421,687	32,524,688	7,103,001	27.94
Operating costs	20,471,073	26,545,139	6,074,066	29.67
Operating gross profit	4,950,614	5,979,549	1,028,935	20.78
Operating expenses	1,732,408	2,160,053	427,645	24.69
Operating income	3,218,206	3,819,496	601,290	18.68
Non-operating income and expense	176,315	(4,793)	(181,108)	(102.72)
Income before Tax	3,394,521	3,814,703	420,182	12.38
Income tax expense	728,956	669,900	(59,056)	(8.10)
Current net profit	2,665,565	3,144,803	479,238	17.98

- Analysis and description of increase or decrease over 20%:

1. Revenue in 2021 increased by 27.94% due to the continued growth in demand for 5G infrastructure, servers and automotive electronics in the application side and the start-up of production capacity at the Jiangxi plant. However, due to the increase in raw material prices and the addition of the Jiangxi plant to the operation, operating costs have increased, resulting in a less than equal increase in operating margin.
2. Operating expenses as a percentage of revenue were similar to the previous period, but R&D expenses increased slightly in order to continue developing new products.
3. Decrease in non-operating Income： Was mainly caused by the increase in exchange income as affected by the appreciation of RMB in 2020.

- Estimated sales volume and its basis, as well as possible effect on the Company's finance and business in the future, and plans in response:
The Company has not disclosed financial estimates, but only established internal goals based on the industrial environment, market supply and demand conditions as well as the Company's operating conditions. The Company will continue to invest more resources in innovation of technologies, improvement of quality and reduction of manufacturing costs, in order to achieve profit goals.

III. Review and Analysis on Cash Flow

(I) Analysis on the changes in the cash flow in 2021

Unit: NT$ thousand

Opening Cash Balance	Net Cash Flows from Operating Activities	Net Cash Inflows (Outflows) from Investing and Financing Activities	Cash Balance (Deficit)	Remedial Measures for Cash Deficit	
				Investing Plan	Financing Plan
3,287,134	3,153,230	(2,017,086)	4,423,278	-	-

Analysis on the changes in the cash flows of current year:
(1) Operating activities: Increase in cash inflows was mainly caused by operating income.
(2) Investing activities: The increase in capital expenditure for new plant expansion resulted in cash outflow.
(3) Financing activities: Cash capital increase in 3Q 2021.

(II) Improvement plans for insufficient liquidity: There was no insufficient cash liquidity.

(III) Cash liquidity analysis for the following year

Unit: NT$ thousand

Opening Cash Balance	Net Cash Flows from Operating Activities	Net Cash Inflows (Outflows) from Investing and Financing Activities	Cash Balance (Deficit)	Remedial Measures for Cash Deficit	
				Investing Plan	Financing Plan
4,423,278	4,213,000	(4,600,000)	4,036,278	-	-

Analysis on the changes in the cash flows of current year:
(1) Operating activities: Increase in estimated cash inflows was mainly caused by operating income.
(2) Investing activities: Estimated cash outflows were mainly caused by the increase in capital expenditures.
(3) Financing activities: Estimated cash outflows were mainly caused by payment of cash dividends.

IV. Impact of Significant Capital Expenditures on Finance and Business in the Most Recent Year:

1. Application of significant capital expenditures and sources of funds

Unit: NT$ thousand

Plan	Actual or Estimated Source of Funds	Actual or Estimated Completion Date	Total Funds Required	Actual or Estimated Funds Utilization	
				2021	2022
Jiangxi Longnan	Borrowing and own funds	October 31,2021	3,612,547	1,969,256	538,517

Plant (Phase II)					
Jiangxi Longnan Plant (Phase III)	Borrowing and own funds	January 31,2023	5,240,855	1,297,140	2,895,544

2. Effect on finance and business

Phase II of Jiangxi plant has a planned production capacity of 600,000 pieces, and it has been put into production in 2021 gradually. Phase III have a planned production capacity of 1.2 million pieces, and it is expected to be put into production in 2022, in order to achieve the benefits of the Group's economic scale. Smooth mass production by Jiangxi plants will increase the overall production capacity of the Group's production lines, and increase production volume, which will have a positive effect on the Company's finance and business.

V. Reinvestment Policy in the Most Recent Year, Main Reasons for Profits or Losses Generated Thereby, Improvement Plans, and Investment Plans for Coming Year

The Company's investment focuses on long-term strategic purposes. However, if the Company evaluates that an investment no longer has significant strategic value, the Company may view it as a financial investment. In 2021, the Company's income from the reinvestment recognized using equity method was NT$3,955,681 thousand, which was mainly caused by the stable operating and profitability of the reinvested companies. In the future, the Company will continue to focus on long-term strategic investments and carefully assess investment plans.

VI. Risks

(I) Impact of changes in interest or exchange rate, as well as inflation on the Company's profits (losses), and future countermeasures

1. Changes in interest rate nd future countermeasures

The Company pays attention to the change trend of interest rate at any time, maintains close contact with banks, and obtains better interest rate to reduce the Company's interest costs.

Unit: NT$ thousand

Item	2020		2021		Change to the Proportion in Revenue
	Amount	Proportion in Revenue	Amount	Proportion in Revenue	
Financial costs	76,680	0.30%	81,127	0.25%	(0.05%)

2. Changes in exchange rate nd future countermeasures

The Company pays attention to the change trend of exchange rate at any time, and balances the Group's foreign exchange exposure positions to reduce the related risks in the Company's exchange rate.

Unit: NT$ thousand

Item	2020		2021		Change to the Proportion in Revenue
	Amount	Proportion in Revenue	Amount	Proportion in Revenue	
Exchange	216,460	0.85%	66,414	0.20%	(0.65%)

profit (loss)					

3. Inflation
The rising prices of base metals, energy and other raw materials and high freight rates have pushed up operating costs and expenses, and cost control and quotes will be appropriately adjusted to reflect the impact of inflation.

(II) Policies for High-Risk and High-Leverage Investments, Loans to Others, Endorsements, Guarantees, and Derivatives Transactions, the Main Reasons for the Profits/Losses Generated Thereby, and Future Countermeasures

The objects of the endorsements, guarantees and loans the Company made to are its fully reinvested companies.

Unit: NT$ thousand

Single Guaranteed Object	Amount of Guarantee A	Actual Allocated Amount B	Proportion of A in the Net Worth Specified in the Financial Statements of the 4th Quarter 2021	Proportion of B in the Net Worth Specified in the Financial Statements of the 4th Quarter 2022
Inspire Investments Ltd.	1,144,240	136,489	5.37%	0.64%
International Partners Ltd.	3,275,600	1,606,352	15.37%	7.54%
ITEQ (Dongguan) Corporation	1,245,600	675,690	5.84%	3.17%
Jiangxi ITEQ Electronic Technology Co., Ltd.	830,400	273,515	3.9%	1.28%
Total amount of endorsements/guarantees by parent company (Note)	6,495,840	2,692,046	30.48%	12.63%

Note: 1. The purpose of making endorsements/guarantees is to apply for financing for the subsidiaries fully invested by the Company.
2. The total amount of endorsements/guarantees the Company is permitted to make to the external shall not exceed 100% of the net worth of the Company, and the amount of endorsements/guarantees for any single enterprise shall not exceed 100% of the net worth of the Company.

Unit: NT$ thousand

Company to which Loan is Made	Ending Balance A	Allocated Amount B	Proportion of A in the Net Worth Specified in the Financial Statements of the 4th Quarter 2021	Proportion of B in the Net Worth Specified in the Financial Statements of the 4th Quarter 2021
ITEQ CORPORATION	336,415	336,415	1.58%	1.58%
Inspire Investments Ltd.	280,904	280,904	1.32%	1.32%
ITEQ (Dongguan) Corporation	868,300	868,300	4.07%	4.07%
ITEQ (Wuxi) Corporation	2,204,170	2,117,340	10.34%	9.93%

Unit: NT$ thousand

Company to which Loan is Made	Ending Balance A	Allocated Amount B	Proportion of A in the Net Worth Specified in the Financial Statements of the 4th Quarter 2021	Proportion of B in the Net Worth Specified in the Financial Statements of the 4th Quarter 2021
The Company's inter-Group fund loans and total amount	3,689,789	3,602,959	17.31%	16.90%

Note: The Company’s net worth specified in its 2021 Financial Statements was NT$21,314,738 thousand.

1. The funds lending subjects are the companies fully invested by the Company, for short-term financing.
2. The "total amount" of the funds lent by subsidiaries to others and the funds lent to a “single enterprise” shall not exceed 600% of the recent net worth of the lending company. If the upper limit of the financing funds for the borrowing company is more than 20% of the net worth specified in the most recent financial statements of ITEQ, the upper limit shall be 20% of the net worth specified in the most recent financial statements of ITEQ.

   In order to improve finance and management, the Company has formulated the “Operational Procedures for Making Endorsements/Guarantees”, "Procedures for Lending Funds to Others", and “Procedures Governing Acquisition and Disposal of Assets” (covering the rules for derivatives transactions) in accordance with the related laws and regulations issued by the Securities and Futures Bureau. The Company did not made high-risk or high-leverage investments, nor engaged in derivatives transaction, in the most recent year as of the publication date of the Annual Report. Loans to others and endorsements/guarantees are made in accordance with relevant regulations, regularly audited and announced in accordance with laws.

(III) Future R&D plans and scheduled investment in R&D

Please refer to “Overview of Technology and R&D” in “Operational Highlights” (page 95) for details.

(IV) Impact of the changes in domestic and overseas important policies and laws on the Company's finance and business, and countermeasures

The Company consults relevant professional units, such as attorneys and CPAs etc., for matters related to the changes in important policies and laws both at home and abroad. The Company also asks them to make evaluation, suggestions and plans on and for countermeasures as necessary, so as to comply with laws and reduce any adverse impacts on its finance and business. The Company’s finance and business are not impacted by any changes in the important policies and laws both at home and abroad in the most recent year as of the publication date of the Annual Report.

(V) Impact of changes in science, technologies and industry on the Company's finance and business, and countermeasures

The Company's finance and business are not impacted by any changes in science, technologies and industry in the most recent year as of the publication date of the Annual Report. And, the Company usually pays close attention to the industrial status and related emerging technologies in the industry it engages in, so as to respond to any changes in science, technologies and industry at any time. In addition to continued increasing investment in R&D, it also makes appropriate adjustment to its management to maintain a stable and flexible financial management, so as to meet the challenges to be brought by the changes in technologies.

(VI) Impact of changes in corporate image on corporate crisis management, and countermeasures

The Company always uphold the principles of professionalism and ethical corporate management, attaches importance to corporate image and risk control, and implements corporate governance, and it has established Operation Management Committee to coordinate its cross-departmental utilization of resources and build consensus, and understand the Company's capital operation, business status and significant capital expenditures, and proposes improvements and suggestions, which can facilitate the integration of operations and the improvement of efficiency and effectiveness, in order to implement the Company's vision and strategies by giving play to implementation. The Company introduces excellent management talents, which has positive effect on its corporate image, and facilitate effective management on corporate crisis.

(VII) Expected benefits OF, possible risks in and countermeasures for M&A

The Company has no M&A plan up to now.

(VIII) Expected benefits of, possible risks in, and countermeasures for plant expansion

The Company expands Jiangxi Longnan plant mainly because Dongguan and Guangdong plants in South China as well as Wuxi plant in East China are all fully put into operation. In order to meet current and future demands in the market, the Board of Directors, on March 23, 2021, resolved to invest in phase III of Jiangxi Longnan plant in mainland China, with a production capacity of 1.2 million pieces. Since the output value of PCBs in mainland China will grow at a rate of 5 to 7% every year in the next few years, the global output value of current and future PCB industry will change depending on Chinese market, therefore, this investment can facilitate the development of the Company's business. In addition, the expansion of the plant-related funds planned by the Jiangxi plant's own funds, bank loans and China subsidiaries to support each other to ease the capital needs.

(IX) Risks associated with concentrated sale or purchase, and countermeasures

1. Purchase

   At present, as for the sources of purchase, major raw materials are supplied by multiple suppliers, and the Company continues to develop different suppliers to diversify risks. Therefore, there is no risk of concentrated purchase if required raw materials are obtained in time.

2. Sales

   The sales targets are mainly well-known PCB manufacturers both at home and abroad with strong continuous competitiveness. At present, there is no excessive concentrated sale situation and risk; in addition, in response to the great amount demands for the Internet of Vehicles, IoT, smart homes, smart phones, tablets, servers and other products brought by Cloud computing, the Company adjusts its purchase and supply structure, and pro-actively expands its market scale and develops new customers to minimize possible risks.

(X) Impact on the Company of significant transfer of or change in the equity of Directors or the major shareholders holding over 10% shares, risks and countermeasures

There's no significant equity transferred by the Company's major shareholders holding over 10% shares and Directors in the most recent year as of the publication date of the Annual Report. In addition, the Company usually keeps in touch with the shareholders holding many shares at any time, so that they can reduce the shares held by them in a manner of minimizing the possible adverse impacts on the Company's share price and other shareholders.

(XI)Impact of the changes in management power on the Company, risks and countermeasures

There was no change in the Company's management right occurred in the most recent year as of the publication date of the Annual Report.

(XII) Litigation or non-litigation event

Object	Reason for Litigation	Object Amount	Current Handling Status	Assessment by Managements
Italian Customs	Customs case	EUR 524,713.97	The Company won in Cases 5-9 as ruled by the court of second instance. The Italian Customs refused to accept the judgment, and made a lawsuit with the Supreme Administrative Court. The case was ruled in the court in July 2020. The Company lost the case as judged by the Supreme Administrative Court. However, due to the impact of COVID-19, verdict is not provided by the Court yet.	Probability of losing the lawsuit: High, if lose, the guarantee cannot be withdrawn.

(XIII)Other significant risks, and countermeasures

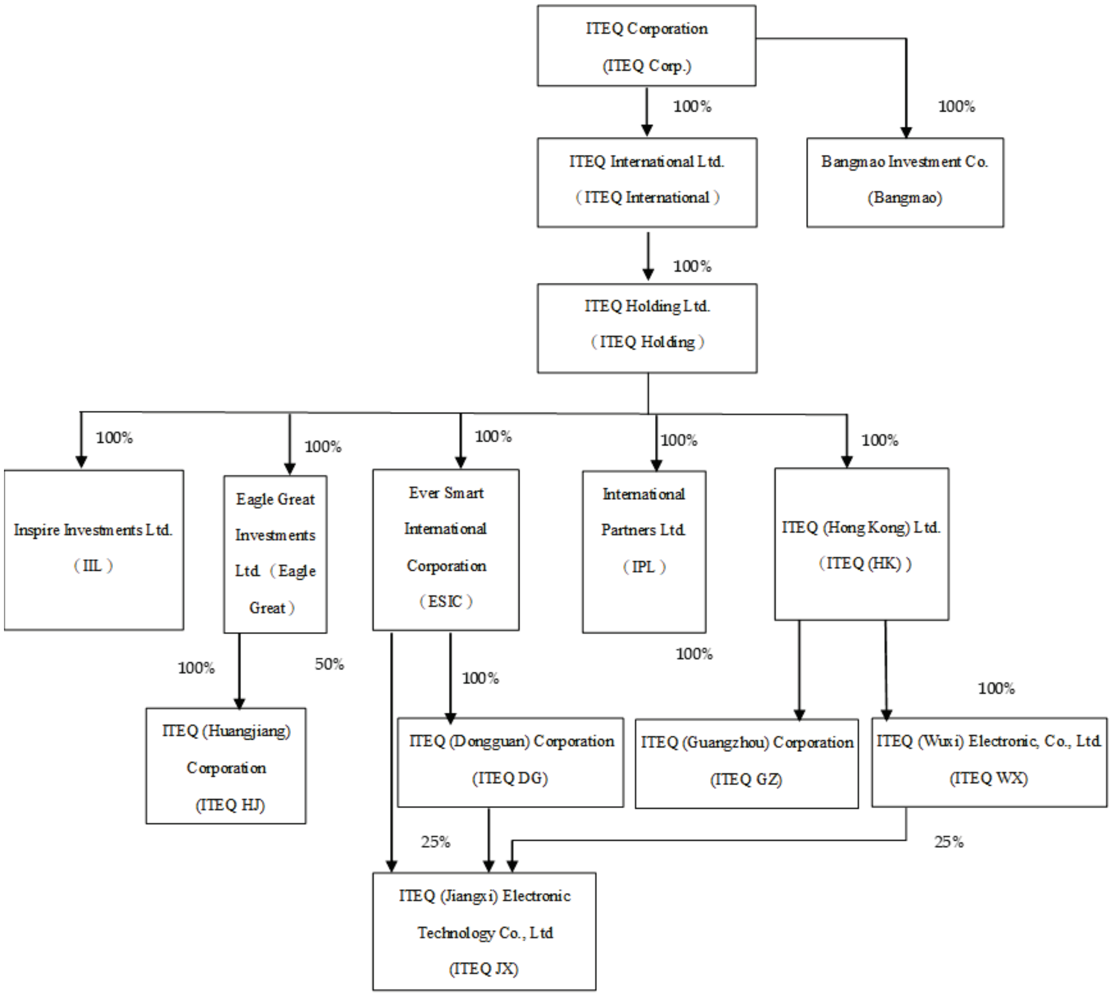
Please refer to the "Implementation of Risk Management Policies and Risk Measurement Standards (page 65) in the "Other Important Information That Facilitate Understanding of the Implementation of Corporate Governance".

VII. Other Important Matters: None.

Chapter VIII. Special Disclosure

I. Relevant Information about Affiliates

(I) Structure of Affiliates



Date: December 31, 2021

(II) Industries covered by the overall businesses of affiliates

The industries covered by the overall businesses of affiliates mainly focus on "global professional OEM services for multi-layer laminate materials and multilayer boards". Partial affiliates' business scope is "investment services". With the mutual supports offered through technologies, production capacity, marketing and services for creation of the maximum efficiency, the Company always continues to research and develop new products based on the ideas of "innovation, cooperation, excellence, and quality assurance", and encourages its employees to produce and utilize patents, so as to maintain its leading position in the market and industry.

(III) Basic information of affiliates

December 31, 2021; Unit: NT$ thousand, unless otherwise indicated

Name of Company	Major Business	Paid-in Capital	Date of Incorporation	Address	Major Products
Bangmao Investment Co., Ltd.	Investment business	70,000	1998.04.27	No. 17, Daluge Road, Neilili, Xinpu Town, Hsinchu County	-
ESIC	Investment business	359,840	2000.08.18	Sea Meadow House, (P.O. Box 116), Road Town, Tortola, British Virgin Islands	-
IPL	Import and export business	27,680	2002.07.10	Level 2, Lotemau Centre Building, Vaea Street, Apia, Samoa	-
IIL	Import and export business	27,680	2003.03.21	Level 2, Lotemau Centre Building, Vaea Street, Apia, Samoa	-
ITEQ International	Investment business	1,708,382	2004.03.16	Level 2, Lotemau Centre Building, Vaea Street, Apia, Samoa	-
ITEQ Holding	Investment business	1,708,382	2004.03.16	4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman, KY1-1002, Cayman Islands	-
Eagle Great	Mainland China reinvestment business	235,252	2005.09.01	Sea Meadow House, P.O. Box 116, Road Town, Tortola, British Virgin Islands	-
ITEQ(HK)	Mainland China reinvestment business	669,856	2008.06.20	Unit 2701, 27/F., C.C. Wu Building, 302-8 Hennessy Road, Wanchai, Hong Kong	-
Iteq (Wuxi) Electronic Technologies Co., Ltd.	Production and sale of films and CCLs	1,134,880	2002.03.21	No. 3, Chunhui Middle Road, Xishan Economic Development Zone, Dongting Town, Xishan District, Wuxi, Jiangsu Province	PP and CCLs
Iteq (Dongguan) Corporation	Production and sale of films and CCLs	553,600	2002.04.04	No.168, Dongfang Avenue, Nanfang Industrial Zone, Beizha Village, Humen Town, Dongguan, Guangdong Province	PP and CCLs
Iteq (Huangjiang) Corporation	Production and sale of multi-layered PCBs	235,252	2005.09.01	No. 13, Binhe Road, Tianxin Village, Huangjiang Town, Dongguan	Multi-layered PCBs
Iteq (Guang Zhou) Corporationn	Production and sale of films and CCLs	656,016	2006.02.15	No. 2, Huafeng Road, Yonghe Economic Zone, Guangzhou Economic and Technological Development Zone, Guangzhou	PP and CCLs
Iteq (Jiangxi) Electronic Technologies Co., Ltd.	Production and sale of films and CCLs	2,790,144	2018.05.17	Ganzhou Electronic Information Industry Technology City, Longnan Economic and Technological Development Zone, Longnan, Ganzhou, Jiangxi Province	PP and CCLs

(IV) Information about Common Shareholders of Treated-as Controlled Companies and Affiliates: None.

(V) Information about the Directors, Supervisors and General Managers of Affiliates

December 31, 2021

Name of Company	Position	Name or Representative		Shareholding Ratio	
				Number of Shares (thousand shares)	Shareholding Ratio
Bangmao Investment Co., Ltd.	Chairman	Iteq Corporation	Chin-Tsai Chen	7,000	100%
ESIC	Chairman	Iteq Corporation	Chin-Tsai Chen	10,750	100%
IPL	Chairman	Iteq Corporation	Chin-Tsai Chen	1,000	100%
IIL	Chairman	Iteq Corporation	Chin-Tsai Chen	1,000	100%
ITEQ International	Chairman	Iteq Corporation	Chin-Tsai Chen	18,500	100%
ITEQ Holding	Chairman	Iteq Corporation	Chin-Tsai Chen	18,500	100%
Eagle Great	Chairman	Iteq Corporation	Chin-Tsai Chen	8,499	100%
ITEQ(HK)	Chairman	Iteq Corporation	Chin-Tsai Chen	24,200	100%
Iteq (Wuxi) Electronic Technologies Co., Ltd.	Chairman	Iteq Corporation	Chin-Tsai Chen	0	100%
	Director		Hsin-Hui Tsai		
	Director		Wei-Kuang Chu		
Iteq (Dongguan) Corporation	Chairman	Iteq Corporation	Chin-Tsai Chen	0	100%
	Director		Hsin-Hui Tsai		
	Director		Wei-Kuang Chu		
	Supervisor		I-Hsing Liu		
Iteq (Huangjiang) Corporation	Chairman	Iteq Corporation	Chin-Tsai Chen	0	100%
	Director		Hsin-Hui Tsai		
	Director		Wei-Kuang Chu		
	Supervisor		I-Hsing Liu		
Iteq (Guang Zhou) Corporationn	Chairman	Iteq Corporation	Chin-Tsai Chen	0	100%
	Director		Hsin-Hui Tsai		
	Director		Wei-Kuang Chu		
	Supervisor		I-Hsing Liu		
Iteq (Jiangxi) Electronic Technologies Co., Ltd. (Note 1)	Chairman	Iteq Corporation	Chin-Tsai Chen	0	100%
	Director		Hsin-Hui Tsai		
	Director		Wei-Kuang Chu		
	Supervisor		I-Hsing Liu		

Note 1: Its shares are held by the Group on a comprehensive basis, including 50% held by ESIC, 25% by Iteq (Dongguan) Corporation, and 25% by Iteq (Wuxi) Electronic Technologies Co., Ltd.

(VI) Operating Status of Affiliates

December 31, 2021/Unit: NT$ thousand

Name of Company	Capital	Total assets	Total Liabilities	Shareholders' Equity	Operating revenue	Operating income	continued operating	Earnings per share
Bangmao Investment Co., Ltd.	70,000	89,292	14	89,278	0	(151)	(1,687)	-
ESIC	297,560	8,075,844	1,203,807	6,872,037	0	(157)	1,569,548	-
IPL	27,680	1,562,289	1,530,216	32,073	1,514,923	15,257	30,367	-
IIL	27,680	1,004,774	921,569	83,205	1,260,187	(22,686)	(27,051)	-
ITEQ International	1,708,382	18,349,942	304,480	18,045,462	0	0	3,957,495	-
ITEQ Holding	1,708,382	18,349,937	304,480	18,045,457	0	(212)	3,957,495	-
Eagle Great.	235,252	526,883	1,229	525,654	2,419	(68)	61,569	-
ITEQ (Hong Kong)	669,856	10,523,467	755,135	9,768,332	0	(22)	2,323,273	-
Iteq (Wuxi) Electronic Technologies Co., Ltd.	1,134,880	13,174,495	5,217,358	7,957,137	15,198,340	1,890,123	1,829,144	-
Iteq (Dongguan) Corporation	553,600	10,278,134	5,073,587	5,204,547	12,842,058	1,038,174	1,173,859	-
Iteq (Huangjiang) Corporation	235,252	732,789	222,051	510,738	550,564	85,756	61,796	-
Iteq (Guang Zhou) Corporationn	656,016	4,542,149	1,998,087	2,544,062	6,832,770	652,347	497,067	-
Iteq (Jiangxi) Electronic Technologies Co., Ltd.	4,544,661	14,881,400	9,258,290	5,623,110	8,395,854	897,143	787,463	-

(VII) The statement of the Consolidated Financial Statements of the affiliates is as follows:

Statement

In 2020 (from January 1, 2021 to December 31, 2021), the companies required to be included in the consolidated financial statements of affiliates under the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are all the same as companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in the International Financial Reporting Standards (IFRS) 10, and relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. The Company hereby produces this declaration to the effect that no preparation for the separate consolidated financial statements of affiliates is required.

It is hereby stated.

Company name: ITEQ CORPORATION

Chairman: Chin-Tsai Chen

March 16, 2022

(VIII) The Company is not subordinated to other company, thus it is not required to prepare subordination report.

II. Private Placement of Securities in the Most Recent Year as of the Publication Date of the Annual Report: None.

III. The Company's Shares Held or Disposed by Subsidiaries in the Most Recent Year as of the Publication Date of the Annual Report: None.

IV. Other Supplementary Description: None.

V. Any Events in the Most Recent Year as of the Publication Date of the Annual Report that Had Significant Impacts on Shareholders' Equity or Security Prices as Stated in Item 2 Paragraph 3 of Article 36 of the Securities and Exchange Act: None.

[Appendix I] 2022 CPAs' Independence Statement

Assessment Report on the Independence and Appropriateness of the CPAs Engaged by the Company

Chapter I. Laws and Regulations:

(I) In accordance with Article 29 of the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies", the Company shall select professional, responsible and independent CPAs to perform regular review and audit on the Company's financial status and internal control.

(II) The Company shall regularly (at least once a year) assess the independence of CPAs engaged by it. If the Company has not replaced the CPA for seven consecutive years or the CPA has been disciplined or the Company has suffered any loss or damage to its independence, the Company shall evaluate whether it is necessary to replace the CPA and report the evaluation result to the Board of Directors.

(III) In accordance with Article 68 of "Auditing Standards Bulletin " No. 46 " Quality Control by CPA Firm", CPAs shall be transferred after a certain period of time (usually no more than 7 years), and may return to his/her former office only, at least, after a certain time period (usually no less than 2 years).

Chapter II. Assessment Result:

I. The Company's CPAs and the Auditing Opinions Issued by Them in the Most Recent Five Years Are Shown as Follows:

Year	CPA Firm	CPA	Audit Opinion
2017	Jui-Chen Huang, Po-Jen Weng	Deloitte & Touche	An Unmodified Opinion
2018	Jui-Chen Huang, Po-Jen Weng	Deloitte & Touche	An Unmodified Opinion
2019	Cheng-Hsiu Yang, Po-Jen Weng	Deloitte & Touche	An Unmodified Opinion
2020	Cheng-Hsiu Yang, Po-Jen Weng	Deloitte & Touche	An Unmodified Opinion
2021	Cheng-Hsiu Yang, Po-Jen Weng	Deloitte & Touche	An Unmodified Opinion

Note: Po-Jen Weng, CPA, has been our accountant for 7 consecutive years. In line with the internal rotation of the accounting firm this year, it is necessary to change the accountants. Therefore, the accounting firm has changed the accounting firm from CPA Cheng-Hsiu Yang and CPA Po-Jen Weng to CPA Cheng-Hsiu Yang and CPA Kuan-Hao Li.

II. Assessment on the Relations between CPAs and the Company

(1) In accordance with The Bulletin of Norm of Professional Ethics for Certified Public Accountant No. 10 "Integrity, Objectivity and Independence", the assessment is as follows:

Independence		Independence Circumstances	
No.	Description	Yes	No
1	A CPA shall avoid and shall not accept the engagement when they may have involved in any direct or material indirect interests which may impair their impartiality and independence.	V	
2	The purpose of the audit or review on the financial statements is to provide a medium to high but not absolute assurance for the widely potential users of the statements. In addition to maintaining independence in substance, the CPA's independence in form is even more significant. Therefore, members of the audit service team, other CPAs, the CPA firm and the affiliates of the CPA firm must remain independent from audit clients.	V	
3	CPAs shall be honest and objective, and uphold the spirit of independence, to serve the society. (1) Integrity: CPAs shall be straightforward and honest in providing professional services. (2) Fair and objective: CPAs shall maintain a fair and objective attitude when providing professional services, and prevents conflict of interest from affecting his/her independence. (3) Independence: CPAs shall remain independent in form and in substance when auditing or reviewing financial statements, and expresses his/her opinions in a fair manner.	V	
4	Independence is correlated with maintaining fairness, honesty and objectivity, and the lack thereof or impairment of independence will affect a CPA's integrity and objectivity.	V	
5	Independence may be impaired by self-interest, self-evaluation, defense, familiarity, or coercion.	V	
6	The influence of self-interest on the independence of a CPA refers to the financial benefits obtained from an audit client or other conflicts of interest created by other interests or relationships with the client. Such influence may arise from, including, following circumstances: (1) Have direct or indirect significant financial interests with audit client. (2) Have financing or guarantee activities with audit client or its Director or Supervisor. (3) Consider the possibility of losing client. (4) Have close business relation with audit client. (5) Enter into a potential employment negotiations with the audit client. (6) Have contingent expenses related to audit case.	V	
7	The influence of self-review on the independence of the CPA refers to reports or judgments submitted by the CPA for non-auditing services which constitute important basis in the audit or review process of financial information; or if a member of the audit service team had once served as the Company's Director, Supervisor, or a position in the Company with significant influence over the audited case. Such influence may arise from, including, following circumstances: (1) Any member of the audit service team serving as audit client’s director or managerial officers or other positions with significant influence on the audit work at present or in the most recent two years. (2) Any non-audit services provided by to audit client will have direct impact on the important items of audit case.	V	
8	The influence of the threat of advocacy on independence of the CPA refers to the defense provided by a member of the audit service team to the Company's stature or opinion that causes its objectivity to be questioned. Such influence may arise from, including, following circumstances: (1) Advertise or audit as an intermediary any shares or other securities issued by client. (2) Serve as a defender for audit client, or make coordination for conflicts with third parties on behalf of audit client.	V	

Independence		Independence Circumstances	
9	The influence of familiarity on the independence of a CPA refers to the close relations with the audit client's Directors, Supervisors, or managers that cause the CPA or members of the audit service team to pay exceeded attention to or sympathize with the client's interests. Such influence may arise from, including, following circumstances: (1) Has a relative relation with audit client's director, supervisor, managerial officer, or person holding a position that has a significant impact on audit case. (2) A joint CPA released of his/her office less than one year serves as audit client's director, supervisor or managerial officer, or a position that has a significant influence on audit case. (3) Accept valuable gifts or presents from audit client, or its directors, supervisors, or managerial officers.	V	
10	The influence of coercion on the independence of the CPA refers to the threat from an audit client suffered or felt by a member of the audit service team that causes the member to be unable to maintain objectivity and clarify professional doubts. Such influence may arise from, including, following circumstances: (1) The Company requested the CPA to accept inappropriate selection of accounting policy requested by the management or provide inappropriate disclosure in financial statements. (2) A firm being pressured to inappropriately reduce mandatory auditing tasks to reduce audit fee.	V	
11	CPA firm and the members of audit service team shall be responsible for maintaining their independence, considering whether the executed works would impact their independence, and establishing the measures to eliminate the said impacts or reduce them to an acceptable level.	V	
12	If it is determined that there's any material impact on independence, CPA firm and the members of audit service team shall take proper measures to eliminate such impacts or reduce them to an acceptable level, and record the conclusion.	V	
13	If no measure has been taken to, or the measures taken cannot, effectively eliminate the impacts on independence or reduce them to an acceptable level, CPAs shall refuse to implement the audit, so as to maintain their independence.	V	

(2) Assessment on competence

Competence		Assessment	
No.	Description	Yes	No
1	Is he/she qualified as a certified public accountant (CPA) and may perform CPA services?	V	
2	It he/she did not subject to any disciplinary action imposed either by the competent authority and the accountant association, or according to the provisions of Paragraph 3, Article 37 of the Securities and Exchange Act.	V	
3	Is he/she knowledgeable on the industry of the audit client.	V	
4	Has he/she audited the financial reports based on the Generally Accepted Auditing Standards (GAAS) and Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountant, and has prepared working papers for the audit.	V	
5	Has he/she taken advantage of his/her position as a CPA to engage in improper competition?		V

Chapter III. Conclusion

Based on the analysis presented above, it has been determined after assessment that both of the CPA Cheng-Hsiu Yang and the CPA Kuan-Hao Li from Deloitte & Touche, whom the Company proposes to engage as its auditing CPAs for its 2022 Financial Statements, has sufficient independence and competency, and the proposal is therefore submitted to the Board of Directors for resolution.

Examined by:	Reviewed by:	Assessed by:
Chin-Tsai Chen	Hsin-Hui Tsai	Jun-Ren Huang

[Appendix II] 2021 Statement of Internal Control System

Statement of Internal Control System

Date: March 16, 2022

The Company hereby states the results of the self-evaluation on its 2021 Statement of Internal Control System as follows:

I. The Company's Board of Directors and management are responsible for establishing, implementing, and maintaining an adequate internal control system. Its purpose is to reasonably ensure that operational effectiveness and efficiency (including income, performance, and asset safety) and reporting are reliable, timely, and transparent, as well as to ensure compliance with relevant regulations and laws.

II. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its 3 stated objectives above. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond control. Nevertheless, the internal control system contains self-monitoring mechanisms, and the Company takes immediate remedial actions in response to any identified deficiencies.

III. The Company evaluates the design and operating effectiveness of the internal control system based on the criteria provided in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (herein below, the "Regulations"). The criteria adopted by the Regulations identify 5 components of internal control based on the process of management control: 1. control environment; 2. risk assessment; 3. control activities; 4. information and communication; and 5. monitoring operations. Each key component includes several items. Please refer to the Regulations for the aforementioned items.

IV. The Company has evaluated the design and operating effectiveness of the internal control system according to the Regulations.

V. Based on the results of the determination in the preceding paragraph, the Company is of the opinion that, as of December 31, 2021, the internal control system (including the supervision and management of subsidiaries), including the design and implementation of the internal control system relating to the effectiveness and efficiency of the operations, reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations, is effective and can reasonably assure the achievement of the foregoing goals.

VI. This statement is an integral part of the Company's annual report and prospectus and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

VII. It is hereby stated that this statement was approved by the Company's Board of Directors on March 16, 2022, and none of the nine Directors in attendance objected to it and all consented to the contents expressed in this statement.

ITEQ Corporation

Chairman: Chin-Tsai Chen Signature & Seal

General Manager: Hsin-Hui Tsai Signature & Seal

[Appendix III] Audit Committee' Report for the Most Recent Year

ITEQ CORPORATION

Audit Committee's Report

The Board of Directors has submitted the Company's 2021 Financial Statements (including Consolidated and Individual Financial Statements), Earnings Distribution Statement, Business Report, etc., among which the Financial Statements have been audited by the CPA Cheng-Hsiu Yang and the CPA Po-Jen Weng from Deloitte & Touche, and Audit Report with unmodified opinions have been issued. The said Financial Statements, Earnings Distribution Statement and Business Report have been examined and reviewed by us, i.e. the Audit Committee, and we found no incompliance. Therefore, we hereby submit this report in accordance with the Securities and Exchange Act and the Company Act.

Convener OF Audit Committee's Meeting: Po-Chiao Chou

March 16, 2022

[Appendix IV]

The Financial Statements of the most recent year, together with CPAs' Audit Report

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" for the year ended December 31, 2021 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard 10 "Consolidated Financial Statements." Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we have not prepared a separate set of consolidated financial statements of affiliates.

Very truly yours,

ITEQ CORPORATION

By

____

March 16, 2022

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
ITEQ Corporation

Opinion

We have audited the accompanying consolidated financial statements of ITEQ Corporation and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter in the audit of the Group's consolidated financial statements is stated below:

Assessment of Inventory

The inventory of the Group is susceptible to price fluctuations and obsolescence due to changes in demand for finished goods and raw materials caused by price fluctuations in the market. Management estimated the allowance for impairment loss of inventory based on its historical stock sales, and market conditions may also influence management's estimation of the allowance for impairment loss of inventory. Therefore, we identified inventory as a key audit matter. Refer to Notes 5 and 9 to the consolidated financial statements for disclosures on the relevant accounting estimates and uncertainties and other detailed information.

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

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

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

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

Other Matter

We have also audited the parent company only financial statements of ITEQ Corporation as of and for the years ended December 31, 2021 and 2020 on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Chen-Hsiu Yang and Po-Jen Weng.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 16, 2022

Notice to Readers

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

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

ITEQ CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021		2020	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	$ 4,423,278	12	$ 3,287,134	13
Financial assets at fair value through profit or loss - current (Note 7)	4,618	-	5,696	-
Net accounts receivable and notes receivable (Note 8)	13,260,199	37	10,813,071	42
Other receivables (Note 26)	225,839	1	89,485	-
Current tax assets (Note 22)	32,456	-	911	-
Inventories, net (Notes 9 and 21)	5,166,981	14	3,243,143	13
Other current assets (Note 14)	1,261,998	3	1,165,187	4
Total current assets	24,375,369	67	18,604,627	72
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Note 10)	29,687	-	37,655	-
Property, plant and equipment (Note 11)	6,504,769	18	4,529,625	18
Right-of-use assets (Notes 12 and 27)	310,873	1	370,720	1
Intangible assets (Note 13)	8,360	-	8,713	-
Deferred tax assets (Note 22)	293,471	1	193,380	1
Other non-current assets (Notes 14, 18 and 27)	4,714,757	13	1,939,658	8
Total non-current assets	11,861,917	33	7,079,751	28
TOTAL	$ 36,237,286	100	$ 25,684,378	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 15)	$ 2,131,144	6	$ 2,231,446	9
Short-term bills payable, net (Note 15)	-	-	49,985	-
Accounts payable and notes payable	7,121,256	19	4,857,717	19
Other payables (Note 16)	4,259,191	12	1,744,610	7
Current tax liabilities (Note 22)	640,862	2	870,907	4
Provisions - current (Note 17)	17,023	-	31,619	-
Lease liabilities - current (Notes 12 and 27)	49,366	-	54,788	-
Current portion of long-term borrowings (Note 15)	-	-	88,235	-
Other current liabilities (Note 20)	45,963	-	49,454	-
Total current liabilities	14,264,805	39	9,978,761	39
NON-CURRENT LIABILITIES				
Lease liabilities - non-current (Notes 12 and 27)	227,546	1	277,342	1
Long-term borrowings, net of current portion (Note 15)	-	-	1,640,000	6
Deferred tax liabilities (Note 22)	396,501	1	358,118	2
Guarantee deposits received	33,696	-	36,503	-
Total non-current liabilities	657,743	2	2,311,963	9
Total liabilities	14,922,548	41	12,290,724	48
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 19)				
Share capital	3,829,572	10	3,329,572	13
Capital surplus	9,690,481	27	3,682,051	14
Retained earnings				
Legal reserve	1,885,194	5	1,618,630	7
Special reserve	444,936	1	583,390	2
Unappropriated earnings	5,978,737	17	4,624,947	18
Total retained earnings	8,308,867	23	6,826,967	27
Other items in equity	(514,182)	(1)	(444,936)	(2)
Total equity	21,314,738	59	13,393,654	52
TOTAL	$ 36,237,286	100	$ 25,684,378	100

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

ITEQ CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Note 20)	$ 32,524,688	100	$ 25,421,687	100
COST OF GOODS SOLD (Note 9)	26,545,139	82	20,471,073	81
GROSS PROFIT	5,979,549	18	4,950,614	19
OPERATING EXPENSES (Notes 21 and 27)				
Selling and marketing expenses	656,981	2	580,739	2
General and administrative expenses	997,089	3	801,485	3
Research and development expenses	510,019	2	393,591	2
Expected credit gain	(4,036)	-	(43,407)	-
Total operating expenses	2,160,053	7	1,732,408	7
PROFIT FROM OPERATIONS	3,819,496	11	3,218,206	12
NON-OPERATING INCOME (Notes 21 and 27)				
Other income	77,440	-	73,052	-
Finance costs	(81,127)	-	(76,680)	-
Other gains and losses	(1,106)	-	179,943	1
Total non-operating income and expenses	(4,793)	-	176,315	1
INCOME BEFORE INCOME TAX	3,814,703	11	3,394,521	13
INCOME TAX EXPENSE (Note 22)	669,900	2	728,956	3
NET INCOME FOR THE YEAR	3,144,803	9	2,665,565	10
OTHER COMPREHENSIVE (LOSS) INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 18)	1,883	-	78	-
Unrealized gain on equity investments through other comprehensive income (Note 19)	(7,255)	-	(187)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 22)	510	-	37	-
	(4,862)	-	(72)	-

(Continued)

ITEQ CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	**%**	**Amount**	**%**
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations (Note 19)	$ (78,126)	-	$ 173,255	1
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 22)	15,625	-	(34,651)	-
Items that may be reclassified subsequently to profit or loss, net of income tax	(62,501)	-	138,604	1
Other comprehensive (loss) income for the year, net of income tax	(67,363)	-	138,532	1
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 3,077,440	9	$ 2,804,097	11
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	$ 3,144,803	10	$ 2,665,565	10
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	$ 3,077,440	9	$ 2,804,097	11
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 23)				
Basic	$ 9.00		$ 8.19	
Diluted	$ 8.93		$ 8.15	

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

ITEQ CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	Share capital			Retained Earnings (Note 19)			Other Item Equity (Note 19)		
	Shares (Thousands)	Share Capital (Note 19)	Capital Surplus (Note 19)	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total Equity
BALANCE AT JANUARY 1, 2020	302,957	$ 3,029,572	$ 653,239	$ 1,372,300	$ 205,680	$ 4,248,130	$ (581,111)	$ (2,279)	$ 8,925,531
Appropriation of 2019 earnings									
Legal reserve	-	-	-	246,330	-	(246,330)	-	-	-
Special reserve	-	-	-	-	377,710	(377,710)	-	-	-
Cash dividends	-	-	-	-	-	(1,664,786)	-	-	(1,664,786)
Issuance of ordinary shares for cash	30,000	300,000	2,994,216	-	-	-	-	-	3,294,216
Share-based payment due to issuance of ordinary shares (Note 24)	-	-	34,596	-	-	-	-	-	34,596
Net consolidated income for the year ended December 31, 2020	-	-	-	-	-	2,665,565	-	-	2,665,565
Other comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	78	138,604	(150)	138,532
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	2,665,643	138,604	(150)	2,804,097
BALANCE AT DECEMBER 31, 2020	332,957	3,329,572	3,682,051	1,618,630	583,390	4,624,947	(442,507)	(2,429)	13,393,654
Appropriation of 2020 earnings									
Legal reserve	-	-	-	266,564	-	(266,564)	-	-	-
Special reserve	-	-	-	-	(138,454)	138,454	-	-	-
Cash dividends	-	-	-	-	-	(1,664,786)	-	-	(1,664,786)
Capital increase by cash	50,000	500,000	5,994,343	-	-	-	-	-	6,494,343
Share-based payment due to issuance of ordinary shares (Note 24)	-	-	14,087	-	-	-	-	-	14,087
Net consolidated income for the year ended December 31, 2021	-	-	-	-	-	3,144,803	-	-	3,144,803
Other comprehensive income for the year ended December 31, 2021	-	-	-	-	-	1,883	(62,501)	(6,745)	(67,363)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	3,146,686	(62,501)	(6,745)	3,077,440
BALANCE AT DECEMBER 31, 2021	382,957	$ 3,829,572	$ 9,690,481	$ 1,885,194	$ 444,936	$ 5,978,737	$ (505,008)	$ (9,174)	$ 21,314,738

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

ITEQ CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 3,814,703	$ 3,394,521
Adjustments for:		
Depreciation expense	948,002	777,564
Expected credit gain	(4,036)	(43,407)
Net loss on financial assets at fair value through profit or loss	1,078	16,228
Finance costs	81,127	76,680
Interest income	(10,391)	(10,659)
Share-based compensation	14,087	34,596
Loss on disposal of property, plant and equipment	11,551	10,043
Reversal of loss on impairment of property, plant and equipment	(18,707)	-
Recognition of write-down of inventories	90,727	82,321
Loss on foreign currency exchange	5,181	4,125
Amortization of prepayments	73,155	33,461
(Reversal) recognized of provisions	(14,425)	7,917
Loss from disaster	464,195	-
Changes in operating assets and liabilities		
Notes receivable	1,193,241	(482,591)
Accounts receivable	(3,967,941)	(225,107)
Other receivables	(137,505)	123,466
Inventories	(2,258,091)	(787,366)
Offset against value-added tax payable	(103,989)	(361,472)
Other current assets	(26,092)	14,317
Accounts payable	2,422,311	(1,285,648)
Other payables	1,330,091	495,007
Other current liabilities	(1,808)	13,402
Cash generated from operations	3,906,464	1,887,398
Interest paid	(80,187)	(63,552)
Income tax paid	(673,047)	(778,132)
Net cash generated from operating activities	3,153,230	1,045,714
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	-	(10,000)
Return of investments	713	663
Proceeds from sale of financial assets at fair value through profit or loss	-	71,095
Payments for property, plant and equipment	(4,948,268)	(2,218,013)
Proceeds from disposal of property, plant and equipment	1,984	2,976
Increase in refundable deposits	(27,272)	(58,991)
Decrease in refundable deposits	68,275	2,583
Increase in other non-current assets	(68,234)	(125,704)
Interest received	9,282	9,562
Net cash used in investing activities	(4,963,520)	(2,325,829)

(Continued)

ITEQ CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term borrowings	$ (60,899)	$ (1,107,416)
Decrease in short-term bills payable	(50,412)	(340,609)
Proceeds from long-term borrowings	230,000	1,339,999
Repayments of long-term borrowings	(1,958,235)	(1,017,646)
Increase in guarantee deposits received	9,616	27,985
Decrease in guarantee deposits received	(12,256)	(23,081)
Repayment of the principal portion of lease liabilities	(54,638)	(51,882)
Cash dividends paid	(1,664,786)	(1,664,786)
Proceeds from issuance of ordinary shares	6,494,343	3,294,216
Net cash generated from financing activities	2,932,733	456,780
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	13,701	572,409
NET DECREASE IN CASH AND CASH EQUIVALENTS	1,136,144	(250,926)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	3,287,134	3,538,060
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 4,423,278	$ 3,287,134

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

ITEQ CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

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

The 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.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors and authorized for issue on March 16, 2022.

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

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

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

b. The IFRSs endorsed by the Financial FSC for application starting from 2022

New IFRSs	Effective Date Announced by IASB
"Annual Improvements to IFRS Standards 2018-2020"	January 1, 2022 (Note 1)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 2)
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 3)
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022 (Note 4)

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

Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2022.

Note 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of other standards and interpretations will not have a material impact on the Group's financial position and financial performance.

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

New IFRSs	**Effective Date Announced by IASB (Note 1)**
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 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 2)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 3)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 4)

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

Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 4: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

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

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

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

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

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

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

Current assets include:

1) Assets held primarily for the purpose of trading;

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

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

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

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

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

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

d. Basis of consolidation

1) Principles for preparing consolidated financial statements

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

2) Subsidiaries included in the consolidated financial statements

			% of Ownership	
			December 31	
Investor	**Investee**	**Main Business**	**2021**	**2020**
ITEQ Corporation	ITEQ International Ltd.	Investment	100	100
	Bon Mou Investment Co.	Investment	100	100
ITEQ International Ltd.	ITEQ Holding Ltd.	Investment	100	100
ITEQ Holding Ltd.	ESIC	Investment in PRC	100	100
	IPL	Import and export business	100	100
	IIL	Import and export business	100	100
	Eagle Great	Investment in PRC	100	100
	ITEQ (HK)	Investment in PRC	100	100
ESIC	ITEQ (DG)	Produces and sells prepeg products and copper clad laminates	100	100
	ITEQ (JX) (Note)	Produces and sells prepeg products and copper clad laminates	100	100
ITEQ (HK)	ITEQ (WX)	Produces and sells prepeg products and copper clad laminates	100	100
	ITEQ (GZ)	Produces and sells prepeg products and copper clad laminates	100	100
Eagle Great	ITEQ (HJ)	Produces and sells the mass lamination process	100	100

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

On March 23, 2021, the board of directors approved and planned to increase the capital of ITEQ (JX) to US$80,000 thousand. As of the dates of the financial statements, US$20,000 thousand was received.

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

e. Foreign currencies

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

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

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

f. Inventories

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

g. Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is recognized using the straight-line method with their estimated useful lives. Each significant part is depreciated separately. If the lease term is shorter than its estimated useful life, an item of property, plant and equipment is depreciated over the lease term. The estimated useful lives, residual values and depreciation method are reviewed at least once at the end of each year, with the effect of any changes in estimate accounted for on a prospective basis.

Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

h. Goodwill

Goodwill arising from the acquisition of a business is measured at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. An impairment loss recognized on goodwill is not reversed in subsequent periods.

i. Intangible assets

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

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

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

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

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

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

k. Financial instruments

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

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

1) Financial assets

a) Measurement category

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in debt instruments and equity instruments at FVTOCI.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such a financial asset is mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note 26.

ii. Financial assets at amortized cost

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

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

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

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

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

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

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

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

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

ii) Breach of contract, such as a default;

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

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

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

iii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

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

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

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

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

c) Derecognition of financial assets

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

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

2) Equity instruments

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

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

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

3) Financial liabilities

a) Subsequent measurement

All the financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

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

l. Provisions

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

m. Revenue recognition

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

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

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

n. Leases

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

For a contract that contains a lease component and non-lease components, the Group allocates the consideration in the contract to each component on the basis of the relative stand-alone price and accounts for each component separately.

The Group as lessee

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

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms. However, if leases transfer ownership of the underlying assets to the Group by the end of the lease terms or if the costs of right-of-use assets reflect that the Group will exercise a purchase option, the Group depreciates the right-of-use assets from the commencement dates to the end of the useful lives of the underlying assets.

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

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

o. Government grants

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

Government grants related to income are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related cost for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as a deduction from the carrying amount of the relevant assets and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

p. Employee benefits

1) Short-term employee benefits

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

2) Post-employment benefits

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

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

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

q. Share-based payment arrangements

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Group's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. The expense is recognized in full at the grant date if the grants are vested immediately. The grant date of issued ordinary shares for cash which are reserved for employees is the date on which the number of shares that the employees purchase is confirmed.

At the end of each reporting period, the Group revises its estimate of the number of employee share options that are expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - employee share options.

r. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

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

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

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

3) Current and deferred taxes for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The Group considers the possible impact of the recent development of the COVID-19 in Taiwan and its economic environment implications. When making its critical accounting estimates on cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Critical Accounting Judgments

Write-down of inventories

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

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

6. CASH AND EQUIVALENTS

	December 31	
	2021	2020
Cash on hand	$ 198	$ 285
Cash in banks	3,202,036	2,107,612
Cash equivalents		
Bank acceptances	1,221,044	1,179,237
	$ 4,423,278	$ 3,287,134

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

	December 31	
	2021	2020
Cash in banks	0.00%-1.55%	0.00%-1.61%

7. FINANCIAL INSTRUMENTS AT FVTPL

	December 31	
	2021	2020
Financial assets at FVTPL - current		
Financial assets designated as at FVTPL		
Securities listed in ROC		
Emerging Stock Market	$ 4,618	$ 5,696

8. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE, NET

	December 31	
	2021	2020
Notes receivable		
At amortized cost	$ 464,677	$ 1,689,567
Accounts receivable		
At amortized cost		
Gross carrying amount	12,801,771	9,133,845
Less: Allowance for impairment loss	6,249	10,341
Accounts receivable, net	12,795,522	9,123,504
	$ 13,260,199	$ 10,813,071

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

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

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

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

December 31, 2021

	Not Past Due	Past Due Within 30 Days	Past Due 31 to 90 Days	Past Due Over 91 Days	Assessment of Individual Impairment Losses	Total
Expected credit loss rate	0.00%	0.00%	1.89%	100.00%		
Gross carrying amount	$ 12,843,445	$ 311,652	$ 107,128	$ 4,223	-	$ 13,266,448
Loss allowance (lifetime ECL)	-	-	(2,026)	(4,223)	-	(6,249)
Amortized cost	$ 12,843,445	$ 311,652	$ 105,102	$ -	$ -	$ 13,260,199

December 31, 2020

	Not Past Due	Past Due Within 30 Days	Past Due 31 to 90 Days	Past Due Over 91 Days	Assessment of Individual Impairment Losses	Total
Expected credit loss rate	0.03%	3.00%	5.56%	100.00%		
Gross carrying amount	$ 10,692,130	$ 114,637	$ 9	$ -	$ 16,636	$ 10,823,412
Loss allowance (lifetime ECL)	(2,278)	(3,440)	-	-	(4,623)	(10,341)
Amortized cost	$ 10,689,852	$ 111,197	$ 9	$ -	$ 12,013	$ 10,813,071

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

	2021	2020
Balance at January 1, 2021	$ 10,341	$ 71,725
Add: Net remeasurement of loss allowance	(4,036)	(43,407)
Less: Amounts written off	-	(17,917)
Foreign exchange gains and losses	(56)	(60)
Balance at December 31, 2021	$ 6,249	$ 10,341

For information of factored accounts receivable, refer to Note 26.

9. INVENTORIES, NET

	December 31 2021	December 31 2020
Finished goods	$ 1,033,392	$ 524,526
Work in process	230,821	187,111
Raw materials	3,820,602	2,487,105
Goods in transit	82,166	44,401
	$ 5,166,981	$ 3,243,143

As of December 31, 2021 and 2020, the cost of inventories recognized as cost of goods sold were $26,545,139 thousand and $20,471,073 thousand, respectively. Loss on reversal of write-downs inventories were $90,727 thousand and $82,321 thousand.

The Group encountered a fire accident at night on April 13, 2021; loss of inventory was estimated at $146,205 thousand and presented as other gains or losses, refer to Note 30.

10. FINANCIAL ASSETS AT FVTOCI

	December 31 2021	December 31 2020
Non-current		
Domestic investments		
TMY Technology Inc.	$ 5,304	$ 10,000
Foreign investments		
TIEF FUND, L.PL	24,383	27,655
	$ 29,687	$ 37,655

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

11. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Equipment	Transport Equipment	Facilities	Other Equipment	Leased Improvements	Total
Cost							
Balance at January 1, 2021	$ 2,052,404	$ 6,063,099	$ 45,528	$ 530,788	$ 1,223,611	$ 379,793	$ 10,295,223
Additions	419,269	915,102	139	116,757	212,222	62,306	1,725,795
Disposals	(2,062)	(570,798)	(6,169)	(30,191)	(344,696)	(206,685)	(1,160,601)
Reclassified	533,456	817,355	-	(171,297)	204,805	6,260	1,390,579
Effects of foreign currency exchange differences	(10,845)	(27,156)	(189)	(2,732)	(3,234)	-	(44,156)
Balance at December 31, 2021	$ 2,992,222	$ 7,197,602	$ 39,309	$ 443,325	$ 1,292,708	$ 241,674	$ 12,206,840

(Continued)

	Buildings	Equipment	Transport Equipment	Facilities	Other Equipment	Leased Improvements	Total
Accumulated depreciation and impairment							
Balance at January 1, 2021	$ (610,276)	$ (3,680,301)	$ (36,529)	$ (363,047)	$ (797,559)	$ (277,886)	$ (5,765,598)
Depreciation expense	(132,212)	(517,378)	(1,627)	(31,888)	(173,092)	(32,851)	(889,048)
Disposals	1,308	560,884	6,082	28,947	343,496	206,484	1,147,201
Disaster losses	-	(134,802)	-	-	(77,432)	(48,914)	(261,148)
Gain on reversal of impairment loss	8,815	(617)	1,000	6,495	3,014	-	18,707
Reclassified	-	-	-	24,595	-	-	24,595
Effects of foreign currency exchange differences	3,368	15,882	147	1,934	1,889	-	23,220
Balance at December 31, 2021	$ (728,997)	$ (3,756,332)	$ (30,927)	$ (332,964)	$ (699,684)	$ (153,167)	$ (5,702,071)
Net value	$ 2,263,225	$ 3,441,270	$ 8,382	$ 110,361	$ 593,024	$ 88,507	$ 6,504,769
Cost							
Balance at January 1, 2020	$ 1,827,690	$ 5,005,412	$ 44,247	$ 541,210	$ 1,176,329	$ 378,108	$ 8,972,996
Additions	148,992	1,003,197	1,239	87,182	46,914	1,685	1,289,209
Disposals	(6,379)	(82,188)	(4,932)	(17,620)	(7,097)	-	(118,216)
Reclassified	42,772	20,364	4,397	(87,349)	(5,198)	-	(25,014)
Effects of foreign currency exchange differences	39,329	116,314	577	7,365	12,663	-	176,248
Balance at December 31, 2020	$ 2,052,404	$ 6,063,099	$ 45,528	$ 530,788	$ 1,223,611	$ 379,793	$ 10,295,223
Accumulated depreciation and impairment							
Balance at January 1, 2020	$ (507,985)	$ (3,444,820)	$ (39,021)	$ (418,698)	$ (706,775)	$ (233,142)	$ (5,350,441)
Depreciation expense	(90,014)	(392,989)	(1,008)	(40,995)	(149,258)	(44,744)	(719,008)
Disposals	1,042	79,292	3,788	14,894	6,181	-	105,197
Reclassified	-	12,316	-	84,823	60,934	-	274,073
Effects of foreign currency exchange differences	(13,319)	(50,100)	(288)	(3,071)	(8,641)	-	(75,419)
Balance at December 31, 2020	$ (610,276)	$ (3,680,301)	$ (36,529)	$ (363,047)	$ (797,559)	$ (277,886)	$ (5,765,598)
Net value	$ 1,442,128	$ 2,382,798	$ 8,999	$ 167,741	$ 426,052	$ 101,907	$ 4,529,625

(Concluded)

The Group encountered a fire accident at night on April 13, 2021; the amount of loss of property, plant and equipment was estimated at $261,148 thousand and presented as other gains or losses, refer to Note 30.

As of December 31, 2021, the Group recognized the amount of $18,707 thousand of net reversal of impairment loss on property, plant, and equipment as other gains and losses. Following an increase in expected future cash flow of subsidiary - ITEQ (DG), the amount of $21,345 thousand was reversed since it was no longer considered impaired. Following a decrease in market demand, the amount of $2,638 thousand of impairment loss on subsidiary - ITEQ (WX) was recognized since some of its machinery became idle which caused its recoverable amount to fall below the carrying amount.

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	
Electromechanical power equipment	5-12 years
Renovation	2-5 years
Transportation equipment	5-10 years

(Continued)

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

(Concluded)

12. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2021	2020
Carrying amount		
Buildings	$ 271,599	$ 329,650
Land use rights	39,274	41,070
	$ 310,873	$ 370,720

	For the Year Ended December 31	
	2021	2020
Additions to right-of-use assets	$ -	$ 1,376
Depreciation charge for right-of-use assets		
Buildings	$ 44,317	$ 44,116
Land use rights	14,637	14,440
	$ 58,954	$ 58,556

b. Lease liabilities

	December 31	
	2021	2020
Carrying amount		
Current	$ 49,366	$ 54,788
Non-current	$ 227,546	$ 277,342

Range of discount rates for lease liabilities was as follows:

	December 31	
	2021	2020
Buildings	1.60%-4.90%	1.60%-4.90%

c. Material lease-in 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 on the basis of 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) acquired the land use rights of 17,919.5 square meters in Dongguan in 2002 and the rights are amortized over 30 years under the permitted operating period.

ITEQ (WX) acquired the land use rights of 76,002 square meters and 15,432 square meters in Wuxi for 50 years in 2004 and 2005, respectively, and the rights are amortized 50 years under the permitted operating period.

ITEQ (GZ) acquired the land use rights of 18,508 square meters in Guangzhou for 50 years in 2009 and the rights are amortized over 50 years under the permitted operating period.

ITEQ (JX) acquired the land use rights of 163,680 square meters in Jiangxi in 2018 and the rights are amortized 50 years under the permitted operating period.

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 contract. The Group does not have bargain purchase options to acquire the leasehold land at the end of the lease terms.

d. Other lease information

	For the Year Ended December 31	
	2021	2020
Expenses relating to short-term leases and low-value asset leases	$ 50,465	$ 42,618
Total cash outflow for leases	$ (113,025)	$ (104,035)

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

13. INTANGIBLE ASSETS

	December 31	
	2021	2020
Goodwill	$ 8,360	$ 8,713

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

14. OTHER ASSETS

	December 31	
	2021	2020
Current		
Offset against value-added tax payable	$ 1,136,123	$ 1,062,234
Pre-payment to suppliers	16,507	12,608
Prepaid expense and others	109,368	90,345
	$ 1,261,998	$ 1,165,187
Non-current		
Prepayments for equipment	$ 4,262,049	$ 1,583,521
Refundable deposits (Note 27)	135,405	178,650
Long-term prepayments	212,651	96,279
Materials and supplies	82,570	61,229
Net defined benefit assets (Note 18)	22,082	19,979
	$ 4,714,757	$ 1,939,658

15. BORROWINGS

a. Short-term borrowings

The weighted average effective interest rates on bank loans were 0.60%-3.22% and 0.65%-1.15% as of December 31, 2021 and 2020, respectively.

b. Short-term bills payable

Outstanding short-term bills payable were as follows:

	December 31	
	2021	2020
Commercial paper	$ -	$ 50,000
Less: Unamortized discounts on bills payable	-	15
	$ -	$ 49,985
Interest rate	-	0.86%

c. Long-term borrowings

	December 31	
	2021	2020
Credit loans	$ -	$ 1,728,235
Less: Current portion	-	88,235
	$ -	$ 1,640,000
Interest rate	-	0.64%-0.94%
Contract start/end	-	103/8/7-111/9/30

On June 22, 2020, the Group obtained a bank loan of US$25,000 thousand under a two-year revolving agreement with Bank of China. As of December 31, 2020, the Group has already accessed the loan fund of $670,000 thousand. The Group settled the remaining balance in September 2021.

On September 30, 2020, the Group obtained a bank loan of $700,000 thousand under a two-year revolving agreement with the KGI Commercial Bank. As of December 31, 2020, the Group has already accessed the loan fund of $470,000 thousand. The Group settled the remaining balance in September 2021.

On December 6, 2018, the Group obtained a bank loan of $500,000 thousand under a three-year revolving agreement with the Agricultural Bank of Taiwan. As of December 31, 2020, the Group has already accessed the loan fund of $500,000 thousand. The Group settled the remaining balance in September 2021.

On August 27, 2014, the Group obtained a bank loan of $500,000 thousand under a seven-year revolving agreement with O-Bank. The Group paid the amount of $411,765 thousand on December 31, 2020 and settled the remaining balance 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 175%.

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

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

16. OTHER PAYABLES

	December 31	
	2021	2020
Salary payables and compensation of employees	$ 557,971	$ 565,986
Construction and equipment payables	3,216,681	909,919
Others	484,539	268,705
	$ 4,259,191	$ 1,744,610

17. PROVISIONS - CURRENT

	December 31 2021	December 31 2020
Returns and allowances	$ 17,023	$ 31,619

Changes in returns and allowances provisions were as follows:

	For the Year Ended December 31 2021	For the Year Ended December 31 2020
Balance at January 1	$ 31,619	$ 23,173
Reversal	(14,425)	7,917
Effect on foreign currency exchange differences	(171)	529
Balance at December 31	$ 17,023	$ 31,619

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

18. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

For the years ended December 31, 2021 and 2020, the Group recognized pension costs of $14,020 thousand and $14,080 thousand, respectively.

b. Defined benefit plans

The defined benefit plan adopted by the Group in accordance with the Labor Standards is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Group contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. With the consent of the Hsinchu County Government the contribution of pension will be suspended from March 2021 to March 2022.The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau") and the Group has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

	December 31 2021	December 31 2020
Present value of defined benefit obligation	$ 25,584	$ 26,706
Fair value of plan assets	(47,666)	(46,685)
Net defined benefit assets (part of other non-current assets)	$ (22,082)	$ (19,979)

Movements in net defined benefit assets were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Asset
Balance at January 1, 2020	$ 25,841	$ (45,010)	$ (19,169)
Net interest expense (income)	188	(335)	(147)
Recognized in profit or loss	188	(335)	(147)
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,486)	(1,486)
Actuarial gain - changes in financial assumptions	1,122	-	1,122
Actuarial gain - changes in demographic assumptions	289	-	289
Actuarial loss - experience adjustments	(3)	-	(3)
Recognized in other comprehensive income	1,408	(1,486)	(78)
Contributions from the employer	-	(585)	(585)
Benefits paid	(731)	731	-
Balance at December 31, 2020	26,706	(46,685)	(19,979)
Net interest expense (income)	91	(162)	(71)
Recognized in profit or loss	91	(162)	(71)
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(670)	(670)
Actuarial gain - changes in financial assumptions	(917)	-	(917)
Actuarial gain - changes in demographic assumptions	67	-	67
Actuarial loss - experience adjustments	(363)	-	(363)
Recognized in other comprehensive income	(1,213)	(670)	(1,883)
Contributions from the employer	-	(149)	(149)
Benefits paid	-	-	-
Balance at December 31, 2021	$ 25,584	$ (47,666)	$ (22,082)

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

	For the Year Ended December 31	
	2021	2020
Administration profits	$ (71)	$ (147)

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

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

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

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

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

	December 31	
	2021	2020
Discount rate	0.70%	0.35%
Expected rates of future salary increase	2.00%	2.00%

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

	December 31	
	2021	2020
Discount rate(s)		
0.25% increase	$ (634)	$ (721)
0.25% decrease	$ 659	$ 751
Expected rate(s) of salary increase		
0.25% increase	$ 648	$ 737
0.25% decrease	$ (628)	$ (711)

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

As of December 31, 2021 and 2020, the expected contributions to the plan for the next year were $0 thousand and $727 thousand, respectively. The average duration of the defined benefit obligation was 10 years and 11 years.

19. EQUITY

a. Share capital

	December 31	
	2021	2020
Authorized shares (in thousands)	500,000	500,000
Authorized capital	$ 5,000,000	$ 5,000,000
Issued and paid shares (in thousands)	382,957	332,957
Issued capital	$ 3,829,572	$ 3,329,572

On May 4, 2021, ITEQ Corporation's board of directors resolved to issue 50,000 thousand ordinary shares, with a par value of NT$10, for consideration of NT$130 per share. The total amount in par value is 500,000 thousand, and the subscription base date was set by the board of directors on September 2, 2021. The total collected capital was $6,494,343 thousand after deducting the administration fee. The capital was all collected, and the alternation was registered

On December 20, 2019, ITEQ Corporation's board of directors resolved to issue 30,000 thousand ordinary shares, with a par value of NT$10, for consideration of NT$110 per share. The total amount in par value is 300,000 thousand, and the subscription base date was set by the board of directors on March 31, 2020. The total collected capital was $3,294,216 thousand after deducting the administration fee. The capital was all collected, and the alternation was registered

b. Capital surplus

	December 31	
	2021	**2020**
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital*		
Shares premium from issuance	$ 9,672,774	$ 3,672,907
Expired employee stock options	10,378	9,144
Not to be used for any purpose		
Employee share options	7,329	-
	$ 9,690,481	$ 3,682,051

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

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the amended Articles, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonus to shareholders. For information on the accrual basis of the compensation of employees and remuneration of directors and the actual appropriations, refer to Note 21-5 employee benefits expense.

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

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

The appropriations from the earnings of 2020 and 2019 were approved in the shareholders' meetings on July 2, 2021 and June 16, 2020, respectively. The appropriations were as follows:

	Appropriation of Earnings		Dividends Per Share (NT$)	
	2020	2019	2020	2019
Legal reserve	$ 266,564	$ 246,330		
Special reserve	(138,454)	377,710		
Cash dividends	1,664,786	1,664,786	$ 5.0	$ 5.0

The appropriation of the 2021 earnings will be proposed by the Company's board of directors on March 16, 2022. The appropriations, including dividends per share, are as follows:

	Appropriation of Earnings	Dividends Per Share (NT$)
Legal reserve	$ 314,669	
Special reserve	69,245	
Cash dividends	1,914,786	$5.0

The appropriation of earnings for 2021 are subject to the resolution in the shareholders' meeting to be held on June 14, 2022.

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

d. Other items of equity

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

	For the Year Ended December 31	
	2021	2020
Balance at January 1	$ (442,507)	$ (581,111)
Recognized for the year		
Exchange differences on translation of the financial statements of foreign operations	(78,126)	173,255
Tax effects	15,625	(34,651)
Other comprehensive income recognized for the year	(62,501)	138,604
Balance at December 31	$ (505,008)	$ (442,507)

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

	For the Year Ended December 31	
	2021	2020
Balance at January 1	$ (2,429)	$ (2,279)
Recognized for the year		
Unrealized gain/(loss) - equity instruments	(7,255)	(187)
Tax effects	510	37
Other comprehensive income recognized for the year	(6,745)	(150)
Balance at December 31	$ (9,174)	$ (2,429)

20. REVENUE

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

	For the Year Ended December 31	
	2021	2020
Copper clad laminate	$ 22,681,257	$ 17,364,296
Prepreg	9,282,013	7,369,777
Others	561,418	687,614
	$ 32,524,688	$ 25,421,687

The balance of the contract liabilities of the Group from the sale of goods on December 31, 2021 and 2020 was $13,797 thousand and $22,976 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.

21. NET INCOME

a. Other income

	For the Year Ended December 31	
	2021	2020
Interest income	$ 10,391	$ 10,659
Government grant	37,587	34,080
Other income	29,462	28,313
	$ 77,440	$ 73,052

b. Other gains and losses

	For the Year Ended December 31	
	2021	2020
Net foreign exchange gain	$ 66,414	$ 216,460
Financial assets at FVTPL	(1,078)	(16,228)
Loss from disposal of property, plant and equipment	(11,551)	(10,043)
Reversal of loss on impairment of property, plant and equipment	18,707	-
Disaster losses (Note 30)	(64,195)	-
Other loss	(9,403)	(10,246)
	$ (1,106)	$ 179,943

c. Depreciation and amortization

	For the Year Ended December 31	
	2021	2020
Property, plant and equipment	$ 889,048	$ 719,008
Right-of-use assets	58,954	58,556
Prepayments	73,155	33,461
	$ 1,021,157	$ 811,025
An analysis of depreciation by function		
Operating costs	$ 833,974	$ 694,688
Operating expenses	114,028	82,876
	$ 948,002	$ 777,564
An analysis of amortization by function		
Operating costs	$ 63,274	$ 27,270
Selling and marketing expenses	8	12
General and administrative expenses	9,185	5,542
Research and development expenses	688	637
	$ 73,155	$ 33,461

d. Finance costs

	For the Year Ended December 31	
	2021	2020
Interest on bank loans	$ 73,205	$ 67,145
Interest on lease liabilities	7,922	9,535
	$ 81,127	$ 76,680

e. Employee benefits expense

	For the Year Ended December 31	
	2021	2020
Short-term benefits	$ 2,838,481	$ 2,078,547
Post-employment benefits (Note 18)		
Defined contribution plans	14,020	14,080
Defined benefit plans	(71)	(147)
	13,949	13,933
Share-based payment	14,087	34,596
Total employee benefits expense	$ 2,866,517	$ 2,127,076

	For the Year Ended December 31					
	2021			2020		
	Classified as Operating Cost	Classified as Operating Expense	Total	Classified as Operating Cost	Classified as Operating Expense	Total
Analysis by function						
Salaries and bonuses	$ 1,216,519	$ 757,963	$ 1,974,482	$ 1,112,334	$ 608,176	$ 1,720,510
Employees' insurance	17,934	17,649	35,583	17,914	14,961	32,875
Pension cost	6,623	7,326	13,949	7,334	6,599	13,933
Others	326,879	515,624	842,503	243,841	115,917	359,758
	$ 1,567,955	$ 1,298,562	$ 2,866,517	$ 1,381,423	$ 745,653	$ 2,127,076

As of December 31, 2021 and 2020, the Group's number of employees were 3,635 and 3,169.

Articles of Incorporation of the Company stipulate to distribute compensation of employees and remuneration of directors at the rates no less than 2% and no higher than 2%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and remuneration of directors in cash for the years ended December 31, 2021 and 2020 have been approved by the Company's board of directors on March 16, 2022 and March 23, 2021, respectively.

	For the Year Ended December 31	
	2021	2020
Compensation of employees - ratio	6.5%	6.5%
Remuneration of directors - ratio	1.5%	1.5%
Compensation of employees - cash	$ 219,730	$ 190,724
Remuneration of directors - cash	50,707	44,013

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

There was no difference between the amounts of the bonus to employees and the remuneration of directors approved in the shareholders' meetings and the amounts recognized in the consolidated financial statements for the years ended December 31, 2020 and 2019.

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

f. Gains (losses) on foreign currency exchange

	For the Year Ended December 31	
	2021	2020
Foreign exchange gains	$ 254,242	$ 535,617
Foreign exchange losses	(187,828)	(319,157)
Net gain	$ 66,414	$ 216,460

22. INCOME TAXES

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

	For the Year Ended December 31	
	2021	2020
Current tax		
Current year	$ 781,447	$ 743,919
Additional income tax on unappropriated earnings	-	8,684
Prior year adjustments	(65,974)	(11,694)
	715,473	740,909
Deferred tax		
Current year	(53,224)	(3,997)
Effects of changes in tax rate	7,651	(7,956)
	(45,573)	(11,953)
Income tax expense recognized in profit or loss	$ 669,900	$ 728,956

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

	For the Year Ended December 31	
	2021	2020
Income before income tax from continuing operations	$ 3,814,703	$ 3,394,521
Income tax expense calculated at the statutory rate	$ 702,791	$ 712,826
Nondeductible expenses in determining taxable income	15,488	34,382
Tax-exempt income	(3,928)	(3,173)
Income tax on unappropriated earnings	-	8,684
Adjustments for prior year's tax	(65,974)	(11,694)
Unrecognized loss carryforwards and deductible temporary differences	13,872	(4,113)
Effects of changes in tax rate	7,651	(7,956)
Income tax expense recognized in profit or loss	$ 669,900	$ 728,956

The applicable tax rate used by subsidiaries in China is 25%. In addition, ITEQ (WX) and ITEQ (DG) were recognized as entities in the high and new technology industry in the People's Republic of China and were listed in the high-tech enterprises. Therefore, their income tax rate is 15% during the tax incentive period; the tax amount generated in other jurisdictions is calculated based on the applicable tax rate in each relevant jurisdiction.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2021	2020
Deferred tax		
In respect of the current period		
Translation of foreign operations	$ 15,625	$ (34,651)
Unrealized gain/(loss) of financial assets at FVTOCI	510	37
Total income tax recognized in other comprehensive income	$ 16,135	$ (34,614)

c. Current tax asset and liability

	December 31	
	2021	**2020**
Current tax assets		
Tax refund receivables	$ 32,456	$ 911
Current tax liability		
Income tax payable	$ 640,862	$ 870,907

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2021

	Opening Balance	**Recognized in Profit or Loss**	**Recognized in Other Comprehensive Income**	**Closing Balance**
Deferred tax assets				
Impairment loss	$ 5,379	$ (5,379)	$ -	$ -
Unrealized sales allowance	3,159	(1,285)	-	1,874
Write-down of inventories	41,186	21,094	-	62,280
Bad debt expense	11,499	(2,340)	-	9,159
Exchange differences on translation of the financial statements of foreign operations	110,626	-	15,625	126,251
Unrealized exchange gains and losses	2,755	3,680	-	6,435
Unrealized gain of patent disposal	8,478	(6,358)	-	2,120
Others	10,298	74,544	510	85,352
	$ 193,380	$ 83,956	$ 16,135	$ 293,471
Deferred tax liabilities				
Investments accounted for using equity method	$ 358,118	$ 38,383	$ -	$ 396,501

For the year ended December 31, 2020

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred tax assets				
Impairment loss	$ 5,151	$ 228	$ -	$ 5,379
Unrealized sales allowance	1,281	1,878	-	3,159
Write-down of inventories	22,548	18,638	-	41,186
Bad debt expense	15,938	(4,439)	-	11,499
Exchange differences on translation of the financial statements of foreign operations	145,277	-	(34,651)	110,626
Unrealized exchange gains and losses	2,899	(144)	-	2,755
Unrealized gain of patent disposal	14,836	(6,358)	-	8,478
Others	11,814	(1,553)	37	10,298
	$ 219,744	$ 8,250	$ (34,614)	$ 193,380
Deferred tax liabilities				
Investments accounted for using equity method	$ 361,821	$ (3,703)	$ -	$ 358,118

e. Income tax returns of the Company and Bon Mou Investment Co. through 2019 had been examined and assessed by the tax authorities.

23. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2021	2020
Basic earnings per share		
Basic earnings per share	$ 9.00	$ 8.19
Diluted earnings per share		
Diluted earnings per share	$ 8.93	$ 8.15

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

Net Income

	For the Year Ended December 31	
	2021	**2020**
Net income in computation of basic earnings per share	$ 3,144,803	$ 2,665,565
Net income in computation of diluted earnings per share	$ 3,144,803	$ 2,665,565

Ordinary Shares

Unit: Thousand Shares

	For the Year Ended December 31	
	2021	**2020**
Weighted average number of ordinary shares in computation of basic earnings per share	349,533	325,580
Effect of potentially dilutive ordinary shares:		
Compensation of employees or bonus to employees	2,350	1,613
Employee share options	101	-
Weighted average number of ordinary shares used in the computation of diluted earnings per share	351,984	327,193

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

24. SHARE-BASED PAYMENT ARRANGEMENTS

a. The Company’s share option plan

The Company issued 1,000 units of share 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 share options is 5 years and the certificate holder may exercise certain percentage of the share options upon expiration of 2, 3 and 4 years from the date of issuance, respectively. The exercise price of the share 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 share options shall be adjusted in accordance with the prescribed formula.

Information on employee share options is as follows:

	2021	
	Number of Options (In Thousands of Units)	**Weighted Average Exercise Price (NT$)**
Balance at January 1	-	$ -
Options granted	1,000	95.9
Options forfeited	-	-
Balance at December 31	1,000	95.9
Options exercisable, end of the year	-	
Weighted-average fair value of options granted ($)	$ 57.2	

Information on with outstanding options was as follows:

	December 31, 2021
Range of exercise price	$ 95.9
Weighted average remaining contractual life	4.67 years

All outstanding vested share options were measured at their market-based measure at the acquisition date. Options were priced using the Black-Scholes pricing model. The inputs to the model are as follows
:

	July 30, 2021
Grant-date share price	$137.0
Exercise price	$ 95.9
Expected volatility	36.48%
Expected life	3.5 years/4 years/4.5years
Risk-free interest rate	0.289%/0.299%/ 0.308%

b. Capital surplus - Employee share options

The Company’s board of directors held a meeting and approved the issuance of ordinary shares for cash on May 4, 2021 and December 20, 2019, and reserved 10% of the new share for the subscription of employees in accordance with the Company Act. The share options were measured at fair value on the date they were granted. In 2021 and 2020, the Company’s cost of employees’ share options was $6,758 thousand and $34,596 thousand, which was recognized under capital surplus - employee share options. After receiving full payment, it was transferred to capital surplus - shares issued at a premium. Among them, 374 thousand shares and 508 thousand shares were not exercised, which amounted to $1,234 thousand and $9,144 thousand and was transferred to the Capital surplus-expired employee share option from the Capital surplus-employee share option.

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

	Employee share Options	
	August 2021	**February 2020**
Grant-date share price	$128.50 per share	$127.50 per share
Exercise price	$130 per share	$110 per share
Expected volatility	36.36%	177.70%
Expected life	12 days	1 day
Expected dividend yield	3.41%	3.82%
Risk-free interest rate	0.29%	0.82%
Fair value of options granted	$3.3 per share	$18 per share

25. CAPITAL RISK MANAGEMENT

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

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

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

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

26. DISCLOSURES FOR FINANCIAL INSTRUMENTS

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

1) Degree of fair value measurements

December 31, 2021

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

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Securities listed in ROC				
Equity securities	$ -	$ -	$ 5,696	$ 5,696
Financial assets at FVTOCI				
Equity securities	$ -	$ -	$ 37,655	$ 37,655

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

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

	Financial Assets at FVTPL	Financial Assets at FVTOCI
Balance at January 1, 2021	$ 5,696	$ 37,655
Recognized in profit or loss	(1,078)	-
Recognized in other comprehensive income	-	(7,255)
Return of investments	-	(713)
Balance at December 31, 2021	$ 4,618	$ 29,687
Balance at January 1, 2020	$ 9,045	$ 28,505
Recognized in profit or loss	(3,349)	-
Recognized in other comprehensive income	-	(187)
Purchase	-	10,000
Return of investments	-	(663)
Balance at December 31, 2020	$ 5,696	$ 37,655

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 income approach, comparative company method, the counter price adjustment method, and the latest available net value information assessment. The income approach is based on the discounted cash flow used to capture the present value of the expected future economic benefits. The main assumption of the comparative company method is based on the market multiplier of the market price of listed companies and the net value per share. These values have taken into account the liquidity discounts.

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

	Multiplier	Liquidity Discounts
December 31, 2021	1.59-5.38	20%-25%
December 31, 2020	1.45-2.69	20%

b. Categories of financial instruments

	December 31	
	2021	2020
Financial assets		
Financial assets at FVTPL	$ 4,618	$ 5,696
Financial assets at amortized cost (1)	18,020,938	14,357,392
Financial assets at FVTOCI	29,687	37,655
Financial liabilities		
Amortized cost (2)	13,545,287	10,648,496

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

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

c. Financial risk management objective and policies

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

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

1) Market risk

a) Foreign currency risk

The Group had foreign currency sales and purchases, which exposed the Group to foreign currency risk. For the years ended December 31, 2021 and 2020 approximately 11% and 12% of the Group's sales and almost 35% and 45% of costs, respectively were denominated in currencies other than the functional currency of the Group. Exchange rate exposures were managed within approved policy parameters utilizing forward foreign exchange contracts.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) and derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 29.

Sensitivity analysis

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

	Currency USD	
	2021	**2020**
Profit or loss	$ (20,171)	$ (22,402)

b) Interest rate risk

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

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

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

	December 31	
	2021	**2020**
Fair value interest rate risk		
Financial liabilities	$ 1,597,139	$ 49,985
Cash flow interest rate risk		
Financial assets	3,201,265	2,107,612
Financial liabilities	534,005	3,959,681

Sensitivity analysis

The sensitivity analyses have been determined based on the exposure to floating interest rates for financial assets and financial liabilities. A 25 basis points increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. If interest rates had been 25 basis points higher and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2021 and 2020 would have increased by $6,668 thousand and decreased by $4,630 thousand, respectively.

c) Other price risk

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 years ended December 31, 2021 and 2020, if equity prices increase by 10%, income before tax will be $462 thousand and $570 thousand due to profit and loss, and other comprehensive income before tax will increase by $2,969 thousand and $3,766 thousand due to the increase in fair value of financial assets measured at fair value through other comprehensive profit and loss, respectively.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in 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

a) The carrying amount of the respective recognized financial assets as stated in the balance sheets.

b) The amount of contingent liabilities arising from the provision of financial guarantees by the Company.

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

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

The Group's concentration of credit risk of 55% and 57% of total accounts receivable as of December 31, 2021 and 2020, respectively, were related to the Group's ten largest customers. The concentration of credit risk for the remainder of accounts receivable were immaterial.

3) Liquidity risk

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

a) 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.

December 31, 2021

	180 Days	181-270 Days	271-360 Days	361+ Days	Total
Non-derivative financial liabilities					
Short-term borrowings	$ 2,140,928	$ -	$ -	$ -	$ 2,140,928
Notes payable and accounts payable	7,121,256	-	-	-	7,121,256
Other payables	4,259,191	-	-	-	4,259,191
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

December 31, 2020

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

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

	Less than One Year	1-5 Years	5-10 Years
Lease liabilities	$ 62,736	$ 209,080	$ 88,417

b) Financing facilities

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

	December 31	
	2021	**2020**
Unsecured bank borrowings facility		
Amount used	$ 3,232,969	$ 4,899,963
Amount unused	10,810,628	7,355,486
	$ 14,043,597	$ 12,255,449

d. Transfers of financial assets

Factored trade receivables for the years ended December 31, 2021 and 2020 were as follows:

Counterparties	**Interest Rates on Advances Received (%)**	**Receivables Sold**	**Advances Received at Year-end**	**Amounts Collected**	**Credit Line**
December 31, 2021					
Taishin Bank (Note)	-	$ 157,074	$ -	$ 157,074	$ 161,344
KGI Commercial Bank (Note)	-	3,325	-	3,325	16,608
		$ 160,399	$ -	$ 160,399	$ 177,952
December 31, 2020					
Taishin Bank (Note)	-	$ 36,314	$ -	$ 36,314	$ 209,552
KGI Commercial Bank (Note)	-	1,979	-	1,979	17,088
Bank SinoPac (Note)	-	-	-	-	213,600
		$ 38,293	$ -	$ 38,293	$ 440,240

Note: No advances received at year end.

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 December 31, 2021 and 2020, the Group issued promissory notes with an aggregate amount of $180,344 thousand and $478,552 thousand to the banks as collateral, respectively.

The Group transferred the receivables from bank acceptances for endorsement to Industrial and Commercial Bank of China, Bank of China, Postal Savings Bank of China, Bank of Ningbo, Bank of Jiangsu, and Shanghai Pudong Development Bank in China for discounting. Under 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 transferred bank acceptances. However, if the said bank acceptances fail to be cashed when they are due, the said banks still have the right to demand the Group for payment; therefore, the Group continues to participate in the said acceptances.

The Group transferred a portion of its banker's acceptance bills in mainland China to some of its suppliers in order to settle the trade payables to these suppliers. As the Group has transferred substantially all risks and rewards relating to these bills receivable, it derecognized the full carrying amount of the bills receivable and the associated trade payables. However, if the derecognized bills receivable are not paid at maturity, the suppliers have the right to request that the Group pay the unsettled balance; therefore, the Group still has continuing involvement in these bills receivable.

The maximum exposure to loss from the Group's continuing involvement in the derecognized bills receivable is equal to the face amounts of the transferred but unsettled bills receivable, and as of December 31, 2021 and 2020, the face amounts of these unsettled bills receivable were $4,578,090 thousand and $1,291,927 thousand, respectively. The unsettled bills receivable will be due within 1 to 5 months and 1 to 6 months, respectively after December 31, 2021 and 2020. Taking into consideration the credit risk of these derecognized bills receivable, the Group estimates that the fair values of its continuing involvement are not significant.

During the years ended December 31, 2021 and 2020, the Group recognized the financial costs of $40,372 thousand and $24,652 thousand, respectively, when transferring the bank acceptances receivable. No gains or losses were recognized from the continuing involvement, both during the current year or cumulatively.

27. TRANSACTIONS WITH RELATED PARTIES

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

a. Related party name and category

Related Party Name	Related Party Category
WIN Semiconductors Corp.	Same chairman

b. Lease arrangements - Group is lessee

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

Line Item	December 31 2021	December 31 2020
Right-of-use assets	$ 198,628	$ 227,003
Refundable deposits	$ 101,891	$ 100,782
Lease liabilities - current	$ 26,566	$ 26,147
Lease liabilities - non-current	168,563	195,129
	$ 195,129	$ 221,276

Line Item	December 31 2021	December 31 2020
Finance costs	$ 3,325	$ 3,737
Depreciation expense	$ 28,375	$ 28,375
Interest income	$ 1,109	$ 1,096

c. Compensation of key management personnel

	For the Year Ended December 31 2021	For the Year Ended December 31 2020
Short-term employee benefits	$ 81,109	$ 109,679
Post-employment benefits	595	529
	$ 81,704	$ 110,208

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

28. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

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

a. Unused letters of credit amounted to $676,947 thousand.

b. Total contracted construction equipment fees not yet paid were $4,478,864 thousand.

29. 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:

	December 31 2021	December 31 2020
Foreign currency asset		
Monetary item		
USD	$ 117,968	$ 94,331
Exchange rate	27.68	28.48
Carrying amount	3,265,354	2,686,547
Foreign currency liabilities		
Monetary item		
USD	158,310	139,135
Exchange rate	27.68	28.48
Carrying amount	4,382,021	3,962,565

The significant realized and unrealized foreign exchange losses were as follows:

	For the Year Ended December 31			
	2021		2020	
	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)
USD	6.45 (USD:RMB)	$ 81,289	6.91 (USD:RMB)	$ 235,791
USD	28.01 (USD:NTD)	(33,929)	29.55 (USD:NTD)	(51,958)

30. SIGNIFICANT LOSSES FROM DISASTERS

A fire accident broke out at the Company's Xinpu Plant at night on April 13, 2021, causing partial losses to plant, equipment, and inventory. However, the Company was fully insured against fire accidents, and losses after insurance claims as of the date of the report were estimated at NT$64,195 thousand, including NT$146,205 thousand from inventory, NT$261,148 thousand from property, plant, and equipment, and NT$56,842 thousand from other losses. In September 2021, the first installment of $400,000 thousand was received and the Company is still in process of negotiating with the insurance company regarding settlement matters.

31. OTHER MATTERS

As of December 31, 2021, the Group evaluated that the overall business and financial aspects were not significantly impacted by the COVID-19 outbreak. In addition to keeping a close eye on its development, the Company will also continue to assess its potential impact of going concern, asset impairment and financing risks.

32. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and b. investees:

1) Financing provided to others. (Table 1)

2) Endorsements/guarantees provided. (Table 2)

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

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

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

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

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

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

9) Trading in derivative instruments. (None)

10) Information on investees. (Table 6)

11) Intercompany relationships and significant intercompany transactions. (Table 8)

c. Information on investments in mainland China

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

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

a) The amount and percentage of purchase: Tables 4 and 8.

b) The amount and percentage of sales: Tables 4, 5 and 8.

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

d) Endorsement/guarantee provided: Table 2.

e) Financing provided: Table 1.

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

d. Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: Table 9.

33. SEGMENT INFORMATION

Information reported to the chief operating decision maker for resource allocation and segment performance assessment focuses on types of goods or services delivered or provided. Specifically, the Group's reportable segments reporting department (products included prepeg 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.

Others included revenue and profit from ITEQ (HJ), ITEQ (GZ),, Bon Mou Investment Co., ITEQ International, ITEQ Holding, ITEQ (HK), ESIC and Eagle Great .

a. Segment revenue and results

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

	Segment Revenue For the Year Ended December 31		Segment Profit For the Year Ended December 31	
	2021	2020	2021	2020
The Company	$ 3,680,011	$ 5,218,052	$ (711,054)	$ 34,361
ITEQ WUXI	16,458,526	12,761,840	1,866,513	1,626,922
ITEQ (DG)	14,357,466	11,533,882	1,052,748	885,169
ITEQ (JX)	8,399,368	2,991,590	896,507	306,555
Others	7,386,250	5,981,280	765,489	599,937
	$ 50,281,621	$ 38,486,644	3,870,203	3,452,944
Headquarter management cost			(50,707)	(234,738)
Non-operating income and expense			(4,793)	176,315
Income before income tax			$ 3,814,703	$ 3,394,521

Intersegment transactions were not eliminated from segment revenue reported above. For the year ended December 31, 2021, the intersegment revenue from ITEQ (WX), ITEQ (DG), ITEQ (JX) and others amounted to $2,041,934 thousand, $4,382,671 thousand, $7,855,750 thousand and $3,476,578 thousand , respectively; for the year ended December 31, 2020, the intersegment revenue from ITEQ (WX), ITEQ (DG), ITEQ (JX) and others amounted to $1,441,129 thousand, $2,443,351 thousand, $2,924,673 thousand and $6,255,804 thousand, respectively.

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

b. Segment total assets and liabilities

	December 31	
	2021	2020
Segment assets		
The Company	$ 5,007,963	$ 3,690,220
ITEQ (WX)	12,745,709	11,189,231
ITEQ (DG)	10,357,310	8,571,072
ITEQ (JX)	14,879,076	7,330,194
Others	6,786,624	5,948,130
	49,776,682	36,728,847
Others	75,800,484	58,671,000
Eliminations	(89,339,880)	(69,715,469)
	$ 36,237,286	$ 25,684,378

(Continued)

	December 31	
	2021	2020
Segment liabilities		
The Company	$ 1,853,396	$ 1,687,643
ITEQ (WX)	5,654,957	4,770,314
ITEQ (DG)	4,638,633	3,436,438
ITEQ (JX)	8,961,662	4,658,466
Others	4,602,941	2,865,860
	25,711,589	17,418,721
Others	2,955,501	5,130,626
Eliminations	(13,744,542)	(10,258,623)
	$ 14,922,548	$ 12,290,724

(Concluded)

For the purpose of monitoring segment performance and allocating resources between segments:

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

All liabilities were allocated to reportable segments other than borrowings, current tax liabilities, current and deferred tax liabilities. Liabilities for which reportable segments are jointly liable were allocated in proportion to segment assets.

c. Other segment information

	Depreciation and Amortization For the Year Ended December 31		Additions to Non-current Assets For the Year Ended December 31	
	2021	2020	2021	2020
The Company	$ 182,258	$ 235,561	$ 992,946	$ 72,958
ITEQ (WX)	155,495	146,426	94,095	302,603
ITEQ (DG)	61,835	65,012	48,102	16,780
ITEQ (JX)	552,711	270,115	4,727,361	2,447,933
Others	68,858	93,911	27,109	18,203
	1,021,157	811,025	$ 5,889,613	$ 2,858,477
	$ 1,021,157	$ 811,025		

d. Geographical information

The Group operates in two principal geographical areas - Taiwan and Asia.

The Group's revenue from external customers by location of operations and information about its non-current assets by location of assets are detailed below:

	Revenue from External Customers For the Year Ended December 31		Non-current Assets December 31	
	2021	2020	2021	2020
Taiwan	$ 3,680,011	$ 5,218,052	$ 1,636,436	$ 957,500
Asia	28,844,677	20,203,635	9,902,322	5,891,216
	$ 32,524,688	$ 25,421,687	$ 11,538,758	$ 6,848,716

Non-current assets excluded financial assets at FVTOCI - non-current and deferred tax assets.

e. Information about major customers

For the years ended December 31, 2021 and 2020, the amounts of revenue of $3,409,042 thousand and $3,302,190 thousand, respectively, from sales of the Group's largest customer were accounted for 10% and 13%, of the Group's total sales.

TABLE 1

ITEQ CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Financing Company Name	Borrower	Financial Statement Account	Related Parties	Maximum Balance for the Period (In Thousands)	Ending Balance (In Thousands)	Transaction Amounts (In Thousands)	Interest Rate	Type of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Doubtful Accounts	Collateral		Financing Limit for Each Borrowing Company (Notes 1 and 2)	Financing Amount Limits (Notes 1 and 2)
													Item	Value		
0	ITEQ	ITEQ (JX)	Accounts receivable - related parties and other receivables - related parties	Yes	$ 336,415 thousand	$ 336,415 thousand	$ 336,415 thousand	-	Short-term financing	$ -	Operating capital	$ -	-	$ -	$ 4,070,892	$ 4,070,892
1	IIL	ITEQ (WX)	Accounts receivable - related parties and other receivables - related parties	Yes	US$ 11,568 thousand	US$ 10,148 thousand	US$ 10,148 thousand	-	Short-term financing	-	Operating capital	-	-	-	659,669	659,669
2	ITEQ (DG)	ITEQ (JX)	Accounts receivable - related parties and other receivables - related parties	Yes	RMB 200,000 thousand	RMB 200,000 thousand	RMB 200,000 thousand	1.5	Short-term financing	-	Operating capital	-	-	-	4,070,892	4,070,892
3	ITEQ (WX)	ITEQ (JX)	Accounts receivable - related parties and other receivables - related parties	Yes	RMB 993 thousand	RMB - thousand	RMB - thousand	-	Short-term financing	-	Operating capital	-	-	-	4,070,892	4,070,892
		ITEQ (JX)	Accounts receivable - related parties and other receivables - related parties	Yes	RMB 150,000 thousand	RMB 150,000 thousand	RMB 130,000 thousand	1.5	Short-term financing	-	Operating capital	-	-	-	4,070,892	4,070,892
		ITEQ (JX)	Accounts receivable - related parties and other receivables - related parties	Yes	RMB 300,000 thousand	RMB 300,000 thousand	RMB 300,000 thousand	1.5	Short-term financing	-	Operating capital	-	-	-	4,070,892	4,070,892
		IIL	Accounts receivable - related parties and other receivables - related parties	Yes	RMB 58,784 thousand	RMB 57,698 thousand	RMB 57,698 thousand	-	Short-term financing	-	Operating capital	-	-	-	4,070,892	4,070,892
4	ITEQ (JX)	ITEQ (HJ)	Accounts receivable - related parties and other receivables - related parties	Yes	RMB 104 thousand	RMB - thousand	RMB - thousand	-	Short-term financing	-	Operating capital	-	-	-	4,070,892	4,070,892

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

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

ITEQ CORPORATION AND SUBSIDIARIES

ENDORSEMENT/GUARANTEE PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Notes 1 and 2)	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Property, Plant and Equipment	Ratio of Accumulated Endorsement/ Guarantee to Net Equity of the Latest Financial Statement	Maximum Endorsement/ Guarantee Amount Allowable (Notes 1 and 2)	Endorsement/ Guarantee Provided by Parent	Endorsement/ Guarantee Provided by Subsidiaries	Endorsement/ Guarantee Provided to Subsidiaries in Mainland China
		Name	Relationship										
0	ITEQ	IIL, IPL	Indirect holding 100% by subsidiary	$ 20,354,462	$ 300,000 (Note 3)	$ 300,000	$ -	$ -	1.47%	$ 20,354,462	Y	N	N
		IIL	Indirect holding 100% by subsidiary	20,354,462	1,011,040 (Note 3)	844,240	136,489	-	4.15%	20,354,462	Y	N	N
		IPL	Indirect holding 100% by subsidiary	20,354,462	3,005,700 (Note 3)	2,975,600	1,606,352	-	14.62%	20,354,462	Y	N	N
		ITEQ (JX)	Indirect holding 100% by subsidiary	20,354,462	834,000 (Note 3)	830,400	273,515	-	4.08%	20,354,462	Y	N	Y
		ITEQ (DG)	Indirect holding 100% by subsidiary	20,354,462	1,251,450 (Note 3)	1,245,600	675,690	-	6.12%	20,354,462	Y	N	Y

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

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

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

TABLE 3

ITEQ CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company (Note 2)	Financial Statement Account	December 31, 2021				Note
				Shares (Thousands)	Carrying Amount	Percentage of Ownership	Fair Value	
ITEQ Corporation	Shares							
	Bon-In Biologic Technology Company	-	Financial assets at FVTPL - current	100	$ -	5.0	$ -	
	TMY Technology Inc.	-	Financial assets at FVTOCI - non-current	357	5,304	1.1	5,304	
Bon Mou Investment Co.	Shares							
	Mortech Corporation	-	Financial assets at FVTPL - current	381	4,618	1.0	4,618	
	Big Sun Energy Technology Inc.	-	Financial assets at FVTPL - non-current	887	-	0.4	-	
	Ding Mou Corporation	-	Financial assets at FVTPL - non-current	100	-	0.4	-	
	TIEF Fund, L.P.	-	Financial assets at FVTOCI - non-current	-	24,383	4.8	24,383	

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.

TABLE 4

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 YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
ITEQ	ITEQ (DG)	Indirect holding 100 by subsidiary	Sale	$ (495,621)	(13)	-	$ -	-	$ 6,322	1	
ITEQ (DG)	ITEQ	Indirect holding 100 by subsidiary	Purchase	495,621	4	-	-	-	(6,322)	-	
ITEQ	ITEQ (WX)	Indirect holding 100 by subsidiary	Sale	(337,691)	(9)	-	-	-	13,015	1	
ITEQ (WX)	ITEQ	Indirect holding 100 by subsidiary	Purchase	337,691	3	-	-	-	(13,015)	-	
ITEQ	ITEQ (JX)	Indirect holding 100 by subsidiary	Sale	(723,857)	(20)	-	-	-	616,072	51	
ITEQ (JX)	ITEQ	Indirect holding 100 by subsidiary	Purchase	723,857	10	-	-	-	(616,072)	(21)	
ITEQ (WX)	ITEQ	Indirect holding 100 by subsidiary	Sale	(1,073,281)	(7)	-	-	-	485,276	13	
ITEQ	ITEQ (WX)	Indirect holding 100 by subsidiary	Purchase	1,073,281	16	-	-	-	(485,276)	(55)	
ITEQ (JX)	ITEQ	Indirect holding 100 by subsidiary	Sale	(315,694)	(4)	-	-	-	63,531	100	
ITEQ	ITEQ (JX)	Indirect holding 100 by subsidiary	Purchase	315,694	8	-	-	-	(63,531)	(7)	
ITEQ (DG)	ITEQ (GZ)	Same parent company	Sale	(2,088,599)	(16)	-	-	-	801,617	16	
ITEQ (GZ)	ITEQ (DG)	Same parent company	Purchase	2,088,599	35	-	-	-	(801,617)	(44)	
ITEQ (DG)	ITEQ (WX)	Same parent company	Sale	(162,341)	(1)	-	-	-	60,860	16	
ITEQ (WX)	ITEQ (DG)	Same parent company	Purchase	162,341	1	-	-	-	(60,860)	(5)	
ITEQ (GZ)	ITEQ (DG)	Same parent company	Sale	(1,426,752)	(21)	-	-	-	451,797	13	
ITEQ (DG)	ITEQ (GZ)	Same parent company	Purchase	1,426,752	12	-	-	-	(451,797)	(12)	
ITEQ (WX)	ITEQ (DG)	Same parent company	Sale	(368,368)	(2)	-	-	-	211,503	3	
ITEQ (DG)	ITEQ (WX)	Same parent company	Purchase	368,368	3	-	-	-	(211,503)	(5)	

(Continued)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
ITEQ (WX)	ITEQ (JX)	Same parent company	Sale	$ (157,903)	(1)	-	$ -	-	$ 37,206	1	
ITEQ (JX)	ITEQ (WX)	Same parent company	Purchase	157,903	2	-	-	-	(37,206)	(1)	
ITEQ (WX)	IIL	Same parent company	Sale	(723,542)	(5)	-	-	-	640,972	10	
IIL	ITEQ (WX)	Same parent company	Purchase	723,542	58	-	-	-	(640,972)	(87)	
ITEQ (JX)	ITEQ (DG)	Same parent company	Sale	(4,913,760)	(59)	-	-	-	1,941,419	64	
ITEQ (DG)	ITEQ (JX)	Same parent company	Purchase	4,913,760	43	-	-	-	(1,941,419)	(50)	
ITEQ (JX)	ITEQ (WX)	Same parent company	Sale	(2,296,060)	(27)	-	-	-	591,183	19	
ITEQ (WX)	ITEQ (JX)	Same parent company	Purchase	2,296,060	18	-	-	-	(591,183)	(15)	
ITEQ (JX)	ITEQ (HJ)	Same parent company	Sale	(133,727)	(2)	-	-	-	2,198	-	
ITEQ (HJ)	ITEQ (JX)	Same parent company	Purchase	133,727	32	-	-	-	(2,198)	(7)	
IPL	ITEQ (DG)	Same parent company	Sale	(513,548)	(34)	-	-	-	145,196	14	
ITEQ (DG)	IPL	Same parent company	Purchase	513,548	4	-	-	-	(145,196)	(4)	
IPL	ITEQ (GZ)	Same parent company	Sale	(562,889)	(37)	-	-	-	261,886	26	
ITEQ (GZ)	IPL	Same parent company	Purchase	562,889	9	-	-	-	(261,886)	(14)	
IPL	ITEQ (JX)	Same parent company	Sale	(365,679)	(24)	-	-	-	606,162	59	
ITEQ (JX)	IPL	Same parent company	Purchase	365,679	5	-	-	-	(606,162)	(9)	
IIL	ITEQ (WX)	Same parent company	Sale	(534,371)	(42)	-	-	-	614,776	64	
ITEQ (WX)	IIL	Same parent company	Purchase	534,371	4	-	-	-	(614,776)	(16)	

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

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

Note 3: Was eliminated in the consolidated financial statements.

(Concluded)

TABLE 5

ITEQ CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20 OF THE PAID-IN CAPITAL
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance (Note)	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment
					Amount	Actions Taken		
ITEQ	ITEQ (JX)	Indirect holding 100% by subsidiary	$ 616,072	-	$ -	-	$ 286,853	$ -
ITEQ (DG)	ITEQ (GZ)	Same parent company	801,617	-	-	-	535,671	-
ITEQ (GZ)	ITEQ (DG)	Same parent company	451,797	-	-	-	296,722	-
ITEQ (WX)	ITEQ	Same parent company	159,146	-	-	-	123,722	-
	IIL	Same parent company	640,972	-	-	-	154,361	-
	ITEQ (DG)	Same parent company	211,503	-	-	-	140,546	-
ITEQ (JX)	ITEQ (DG)	Same parent company	1,941,419	-	-	-	1,069,138	-
	ITEQ (WX)	Same parent company	591,183	-	-	-	267,625	-
IPL	ITEQ (DG)	Same parent company	145,196	-	-	-	98,918	-
	ITEQ (GZ)	Same parent company	261,886	-	-	-	83,162	-
	ITEQ (JX)	Same parent company	606,162	-	-	-	222,989	-
IIL	ITEQ	Same parent company	326,129	-	-	-	154,675	-
	ITEQ (WX)	Same parent company	614,776	-	-	-	172,594	-

TABLE 6

ITEQ CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		As of December 31, 2021			Net Income (Loss) of the Investee	Share of Profits	Note
				December 31, 2021	December 31, 2020	Shares (Thousands)	%	Carrying Amount			
ITEQ	ITEQ International	Samoa	Investment	US$ 61,719 thousand	US$ 61,719 thousand	18,500	100	$ 18,191,778	$ 3,954,220	$ 3,957,367	Note 1
	Bon Mou Investment Co.	Hsin Chu, Taiwan	Investment	70,000	70,000	7,000	100	89,278	(1,686)	(1,686)	
ITEQ International	ITEQ Holding	British Cayman Islands	Investment	US$ 61,719 thousand	US$ 61,719 thousand	18,500	100	US$ 651,931 thousand	US$ 141,277 thousand	US$ 141,277 thousand	
ITEQ Holding	ESIC	British Virgin Islands	Investment in PRC	US$ 13,000 thousand	US$ 13,000 thousand	10,750	100	US$ 248,542 thousand	US$ 56,031 thousand	US$ 56,031 thousand	
	IPL	Samoa	Import and export business	US$ 1,000 thousand	US$ 1,000 thousand	1,000	100	US$ 1,179 thousand	US$ 1,084 thousand	US$ 1,084 thousand	
	IIL	Samoa	Import and export business	US$ 1,000 thousand	US$ 1,000 thousand	1,000	100	US$ 3,006 thousand	US$ (966 thousand)	US$ (966 thousand)	
	Eagle Great	British Virgin Islands	Investment in PRC	US$ 8,499 thousand	US$ 8,499 thousand	8,499	100	US$ 18,990 thousand	US$ 2,198 thousand	US$ 2,198 thousand	
	ITEQ (HK)	Hong Kong	Investment in PRC	US$ 24,200 thousand	US$ 24,200 thousand	24,200	100	US$ 352,902 thousand	US$ 82,938 thousand	US$ 82,938 thousand	

Note 1: The difference of dividend income tax of the mainland subsidiary recognized by the Company under the equity method was $3,147 thousand.

Note 2: Information on investees in mainland China is detailed in Table 7.

TABLE 7

ITEQ CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investments	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2021	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021	Net Income (Loss) of the Investee (Note 2)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2021	Accumulated Repatriation of Investment Income as of December 31, 2021
					Outward	Inward						
ITEQ (DG)	Produces and sells prepeg and copper clad lamination	US$ 20,000 thousand	Notes 1 and 4	US$ 13,000 thousand	$ -	$ -	US$ 13,000 thousand	US$ 41,939 thousand	100	US$ 41,939 thousand	US$ 188,025 thousand	$ -
ITEQ (WX)	Produces and sells prepeg and copper clad lamination	US$ 41,000 thousand	Notes 1 and 4	US$ 22,100 thousand	-	-	US$ 22,100 thousand	US$ 65,268 thousand	100	US$ 65,268 thousand	US$ 287,468 thousand	US$ 82,231 thousand
ITEQ (HJ)	Produces and sells mass lamination	US$ 8,499 thousand	Note 1	US$ 8,286 thousand	-	-	US$ 8,286 thousand	US$ 2,201 thousand	100	US$ 2,201 thousand	US$ 18,451 thousand	-
ITEQ (GZ)	Produces and sells prepeg and copper clad lamination	US$ 23,700 thousand	Note 1	US$ 16,200 thousand	-	-	US$ 16,200 thousand	US$ 17,746 thousand	100	US$ 17,746 thousand	US$ 91,909 thousand	US$ 26,610 thousand
ITEQ (JX)	Produces and sells prepeg and copper clad lamination	US$ 100,800 thousand	Notes 1 and 4	-	-	-	-	US$ 28,100 thousand	100	US$ 28,100 thousand	US$ 203,146 thousand	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
US$59,586 thousand	US$80,400 thousand	$12,788,843 (Note 3)

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

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

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

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

TABLE 8

ITEQ CORPORATION AND SUBSIDIARIES

SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Transaction Company	Counterparty	Flow of Transactions (Note 2)	Description of Transactions (Notes 3 and 5)			
				Account	Amount	Transaction Terms	Ratio of Consolidated Revenue/Assets
0	ITEQ	ITEQ (DG)	1	Sale	$ 495,621	Note 4	1.52%
		ITEQ (WX)	1	Sale	337,753	Note 4	1.04%
		ITEQ (JX)	1	Sale	723,857	Note 4	2.23%
		ITEQ (JX)	1	Accounts receivable	616,072	Note 4	1.70%
		ITEQ International	1	Other receivable	304,480	Note 4	0.84%
1	IPL	ITEQ (DG)	3	Sale	513,548	Note 4	1.58%
		ITEQ (GZ)	3	Sale	562,889	Note 4	1.73%
		ITEQ (JX)	3	Sale	365,679	Note 4	1.12%
		ITEQ (GZ)	3	Accounts receivable	261,886	Note 4	0.72%
		ITEQ (JX)	3	Accounts receivable	606,162	Note 4	1.67%
2	IIL	ITEQ (WX)	3	Sale	534,371	Note 4	1.64%
		ITEQ	2	Accounts receivable	326,129	Note 4	0.90%
		ITEQ (WX)	3	Accounts receivable	614,776	Note 4	1.70%
3	ITEQ (DG)	ITEQ (GZ)	3	Sale	2,088,599	Note 4	6.42%
		ITEQ (GZ)	3	Accounts receivable	801,617	Note 4	2.21%
		ITEQ (JX)	3	Other receivable	868,226	Note 4	2.40%
4	ITEQ (WX)	ITEQ	2	Sale	1,073,281	Note 4	3.30%
		IIL	3	Sale	723,542	Note 4	2.22%
		ITEQ (DG)	3	Sale	368,368	Note 4	1.13%
		IIL	3	Accounts receivable	640,972	Note 4	1.77%
		ITEQ (DG)	3	Accounts receivable	211,503	Note 4	0.58%
		ITEQ (JX)	3	Other receivable	1,862,795	Note 4	5.14%
5	ITEQ (GZ)	ITEQ (DG)	3	Sale	1,426,752	Note 4	4.39%
		ITEQ (DG)	3	Accounts receivable	451,797	Note 4	1.25%
6	ITEQ (JX)	ESIC	3	Other receivable	553,600	Note 4	1.53%
		ITEQ (WX)	3	Other receivable	553,600	Note 4	1.53%
		ITEQ	2	Sale	321,587	Note 4	0.99%
		ITEQ (DG)	3	Sale	4,913,760	Note 4	15.11%
		ITEQ (WX)	3	Sale	2,296,060	Note 4	7.06%
		ITEQ (DG)	3	Accounts receivable	1,941,419	Note 4	5.36%
		ITEQ (WX)	3	Accounts receivable	591,183	Note 4	1.63%

(Continued)

No. (Note 1)	Transaction Company	Counterparty	Flow of Transactions (Note 2)	Description of Transactions (Notes 3 and 5)			
				Account	Amount	Transaction Terms	Ratio of Consolidated Revenue/Assets
7	ITEQ International	ITEQ Holding	3	Other receivable	$ 304,480	Note 4	0.84%
8	ITEQ Holding	ITEQ (HK)	3	Other receivable	755,135	Note 4	2.08%

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

a. 0 - ITEQ (parent company).
b. 1 to 7 - subsidiaries.

Note 2: The transaction flows were as follows:

a. 1 - from parent company to subsidiary.
b. 2 - from subsidiary to parent company.
c. 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 the third parties.

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

(Concluded)

TABLE 9

ITEQ CORPORATION AND SUBSIDIARIES

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2021

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
WIN Semiconductors Corp.	65,408,733	17.07
Fu Cun Construction Co.	33,198,897	8.66
Tian He Xing Ye Corp.	31,790,591	8.30
The special account of the second 2018 new labor pension fund discretionary investment by Capital Securities	26,120,904	6.82

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

[Appendix V]

The Individual Financial Statements of the Most Recent Year of the Company which Financial Statements Audited by CPAs

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
ITEQ Corporation

Opinion

We have audited the accompanying financial statements of ITEQ Corporation (the "Company"), which comprise the balance sheets as of December 31, 2021 and 2020, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Assessment of Inventory

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

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

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

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

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Chen-Hsiu Yang and Po-Jen Weng.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 16, 2022

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

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

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

ITEQ CORPORATION

BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021		2020	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	$ 1,051,780	5	$ 402,393	2
Accounts receivable and notes receivable, net (Note 7)	577,690	2	476,924	3
Accounts receivable - related parties (Note 25)	635,409	3	821,909	4
Other receivables (Note 24)	177,748	1	54,544	-
Other receivables - related parties (Note 25)	304,527	1	313,395	2
Current tax assets (Note 20)	32,299	-	753	-
Inventories, net (Note 8)	558,202	2	663,709	4
Other current assets	66,170	-	9,846	-
Total current assets	3,403,825	14	2,743,473	15
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Note 9)	5,304	-	10,000	-
Investment accounted for using the equity method (Note 10)	18,346,299	78	14,668,632	79
Property, plant and equipment (Note 11)	295,185	1	543,675	3
Right-of-use assets (Notes 12 and 25)	200,295	1	229,848	1
Deferred tax assets (Note 20)	247,343	1	149,794	1
Prepayments for equipment	987,314	4	29,759	-
Other non-current assets (Notes 13, 16 and 25)	153,642	1	144,218	1
Total non-current assets	20,235,382	86	15,775,926	85
TOTAL	$ 23,639,207	100	$ 18,519,399	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 14)	$ -	-	$ 1,390,000	8
Short-term bills payable, net (Note 14)	-	-	49,985	-
Accounts payable and notes payable	322,408	2	546,510	3
Accounts payable - related parties (Note 25)	553,457	3	265,200	1
Other payables	783,624	3	482,545	3
Other payables - related parties (Note 25)	8,495	-	15,467	-
Current tax liabilities (Note 20)	9,329	-	-	-
Lease liabilities - current (Notes 12 and 25)	27,766	-	27,347	-
Current portion of long-term borrowings (Note 14)	-	-	88,235	1
Other current liabilities (Note 18)	51,139	-	60,126	-
Total current liabilities	1,756,218	8	2,925,415	16
NON-CURRENT LIABILITIES				
Long-term borrowings, net of current portion (Note 14)	-	-	1,640,000	9
Deferred tax liabilities (Note 20)	396,501	1	358,118	2
Lease liabilities - non-current (Notes 12 and 25)	169,250	1	197,015	1
Guarantee deposits received	2,500	-	5,197	-
Total non-current liabilities	568,251	2	2,200,330	12
Total liabilities	2,324,469	10	5,125,745	28
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 17)				
Share capital	3,829,572	16	3,329,572	18
Capital surplus	9,690,481	41	3,682,051	20
Retained earnings				
Legal reserve	1,885,194	8	1,618,630	9
Special reserve	444,936	2	583,390	3
Unappropriated earnings	5,978,737	25	4,624,947	25
Total retained earnings	8,308,867	35	6,826,967	37
Other items in equity	(514,182)	(2)	(444,936)	(3)
Total equity	21,314,738	90	13,393,654	72
TOTAL	$ 23,639,207	100	$ 18,519,399	100

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

ITEQ CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 18 and 25)	$ 3,680,011	100	$ 5,218,052	100
COST OF GOODS SOLD (Notes 8, 19 and 25)	3,778,909	103	4,627,289	89
GROSS (LOSS) PROFIT	(98,898)	(3)	590,763	11
UNREALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES	(9,050)	-	(25,276)	-
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES	25,276	1	40,898	1
REALIZED GROSS PROFIT (LOSS)	(82,672)	(2)	606,385	12
OPERATING EXPENSES (Notes 19 and 25)				
Selling and marketing expenses	102,401	3	124,371	2
General and administrative expenses	400,198	11	445,908	9
Research and development expenses	173,163	4	238,299	5
Expected credit loss (gain)	3,327	-	(1,815)	-
Total operating expenses	679,089	18	806,763	16
(LOSS) PROFIT FROM OPERATIONS	(761,761)	(20)	(200,378)	(4)
NON-OPERATING INCOME AND EXPENSES				
Other income (Notes 19 and 25)	39,038	1	53,519	1
Finance costs (Notes 19 and 25)	(24,489)	(1)	(35,548)	-
Other gains and losses (Note 19)	(98,448)	(3)	(55,159)	(1)
Share of the profit of subsidiaries (Note 10)	3,955,681	108	2,937,055	56
Total non-operating income and expenses	3,871,782	105	2,899,867	56
INCOME BEFORE INCOME TAX	3,110,021	85	2,699,489	52
INCOME TAX (BENEFIT) EXPENSE (Note 20)	(34,782)	(1)	33,924	1
NET INCOME FOR THE YEAR	3,144,803	86	2,665,565	51

(Continued)

ITEQ CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	**%**	**Amount**	**%**
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gain on equity investments through other comprehensive income (Note 17)	$ (4,696)	-	$ -	-
Remeasurement of defined benefit plans (Note 16)	1,883	-	78	-
Share of other comprehensive loss of subsidiaries	(2,049)	-	(150)	-
	(4,862)	-	(72)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations (Note 17)	(78,126)	(2)	173,255	3
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 20)	15,625	-	(34,651)	-
Items that may be reclassified subsequently to profit or loss, net of income tax	(62,501)	(2)	138,604	3
Other comprehensive (loss) income (loss) for the year, net of income tax	(67,363)	(2)	138,532	3
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 3,077,440	84	$ 2,804,097	54
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 21)				
Basic	$ 9.00		$ 8.19	
Diluted	$ 8.93		$ 8.15	

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

ITEQ CORPORATION

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

				Retained Earnings (Note 17)			Other Item Equity (Note 17)		
	Shares (Thousands)	Share Capital (Note 17)	Capital Surplus (Note 17)	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total Equity
BALANCE AT JANUARY 1, 2020	302,957	$ 3,029,572	$ 653,239	$ 1,372,300	$ 205,680	$ 4,248,130	$ (581,111)	$ (2,279)	$ 8,925,531
Appropriation of 2019 earnings									
Legal reserve	-	-	-	246,330	-	(246,330)	-	-	-
Special reserve	-	-	-	-	377,710	(377,710)	-	-	-
Cash dividends	-	-	-	-	-	(1,664,786)	-	-	(1,664,786)
Issuance of ordinary shares for cash	30,000	300,000	2,994,216	-	-	-	-	-	3,294,216
Share-based payment transactions (Note 22)	-	-	34,596	-	-	-	-	-	34,596
Net income for the year ended December 31, 2020	-	-	-	-	-	2,665,565	-	-	2,665,565
Other comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	78	138,604	(150)	138,532
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	2,665,643	138,604	(150)	2,804,097
BALANCE AT DECEMBER 31, 2020	332,957	3,329,572	3,682,051	1,618,630	583,390	4,624,947	(442,507)	(2,429)	13,393,654
Appropriation of 2020 earnings									
Legal reserve	-	-	-	266,564	-	(266,564)	-	-	-
Special reserve	-	-	-	-	(138,454)	138,454	-	-	-
Cash dividends	-	-	-	-	-	(1,664,786)	-	-	(1,664,786)
Issuance of ordinary shares for cash	50,000	500,000	5,994,343	-	-	-	-	-	6,494,343
Share-based payment transactions (Note 22)	-	-	14,087	-	-	-	-	-	14,087
Net income for the year ended December 31, 2021	-	-	-	-	-	3,144,803	-	-	3,144,803
Other comprehensive loss for the year ended December 31, 2021	-	-	-	-	-	1,883	(62,501)	(6,745)	(67,363)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	3,146,686	(62,501)	(6,745)	3,077,440
BALANCE AT DECEMBER 31, 2021	382,957	$ 3,829,572	$ 9,690,481	$ 1,885,194	$ 444,936	$ 5,978,737	$ (505,008)	$ (9,174)	$ 21,314,738

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

ITEQ CORPORATION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 3,110,021	$ 2,699,489
Adjustments for:		
Expected credit loss (gain)	3,327	(1,815)
Depreciation expense	172,829	231,257
Amortization of prepayments	9,429	4,303
Finance costs	24,489	35,548
Interest income	(1,618)	(1,936)
Share-based compensation	6,758	34,596
Share of loss of subsidiaries	(3,955,681)	(2,937,055)
Loss (gain) on disposal of property, plant and equipment	324	(2,099)
Write-downs of inventories	73,051	48,757
Unrealized gain on transactions with subsidiaries	9,050	25,276
Realized gain on the transactions with subsidiaries	(57,066)	(72,688)
Loss on foreign currency exchange	31,266	3,313
(Reversal) recognized of provisions	-	(3,420)
Losses from disaster	464,195	-
Changes in operating assets and liabilities		
Notes receivable	(13,105)	23,727
Accounts receivable	(94,656)	217,813
Accounts receivable - related parties	179,718	229,851
Other receivables	(123,204)	123,123
Other receivables - related parties	(16,432)	(40)
Inventories	(113,749)	8,579
Other current assets	(56,324)	(3,109)
Accounts payable	(222,702)	(942,632)
Accounts payable - related parties	291,119	105,402
Other payables	204,239	56,151
Other payables - related parties	(6,925)	15,064
Other current liabilities	970	10,232
Cash used in operations	(80,677)	(92,313)
Interest paid	(24,952)	(35,515)
Income tax paid	(6)	(101,829)
Net cash used in operating activities	(105,635)	(229,657)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	-	(10,000)
Proceeds from disposal of property, plant and equipment	33	3,528
Increase in refundable deposits	-	(6)
Decrease in refundable deposits	1,563	-
Increase in other non-current assets	(144,648)	(4,787)
Increase in prepayments for equipment	(1,010,803)	(72,957)

(Continued)

ITEQ CORPORATION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021	2020
Interest received	$ 509	$ 839
Dividends received from subsidiaries	277,501	332,977
Net cash (used in) generated from investing activities	(875,845)	249,594
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term borrowings	(1,390,000)	(1,680,000)
Decrease in short-term bills payable	(50,412)	(340,609)
Proceeds from long-term borrowings	230,000	1,339,999
Repayments of long-term borrowings	(1,958,235)	(1,017,646)
Increase in guarantee deposits received	7,200	605
Decrease in guarantee deposits received	(9,897)	-
Repayment of the principal portion of lease liabilities	(27,346)	(26,839)
Cash dividends paid	(1,664,786)	(1,664,786)
Proceeds from issuance of ordinary shares	6,494,343	3,294,216
Net cash generated from (used in) financing activities	1,630,867	(95,060)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	649,387	(75,123)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	402,393	477,516
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 1,051,780	$ 402,393

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

ITEQ CORPORATION

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors and authorized for issue on March 16, 2022.

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

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

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

b. The IFRSs endorsed by the Financial FSC for application starting from 2022

New IFRSs	Effective Date Announced by IASB
"Annual Improvements to IFRS Standards 2018-2020"	January 1, 2022 (Note 1)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 2)
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 3)
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022 (Note 4)

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

Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2022.

Note 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

As of the date the financial statements were authorized for issue, the Company has assessed that the application of other standards and interpretations will not have a material impact on the Company's financial position and financial performance.

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

New IFRSs	Effective Date Announced by IASB (Note 1)
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 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 2)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 3)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 4)

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

Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 4: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

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

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

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

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

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

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

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

Current assets include:

1) Assets held primarily for the purpose of trading;

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

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

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

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

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

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

d. Foreign currencies

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

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

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

e. Inventories

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

f. Investments in subsidiaries

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

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

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

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

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

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

g. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

The depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

For a contract where a land owner provides land for the construction of buildings by a property developer in exchange for a certain percentage of the buildings, any exchange gain or loss is recognized when the exchange transaction occurs, if the buildings acquired are classified as property, plant and equipment and if the exchange transaction has commercial substance.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

h. Intangible assets

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

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

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

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

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

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

j. Financial instruments

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

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

1) Financial assets

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

a) Measurement category

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

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

i. Financial assets at amortized cost

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

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

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

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

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

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

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

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

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

ii) Breach of contract, such as a default;

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

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

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

ii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

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

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

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

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

c) Derecognition of financial assets

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

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

2) Equity instruments

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

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

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

3) Financial liabilities

a) Subsequent measurement

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

Financial guarantee contracts.

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

b) Derecognition of financial liabilities

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

k. Provisions

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

l. Revenue recognition

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

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

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

m. Leases

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

The Company as lessee

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

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

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

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

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

n. Government grants

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

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

o. Employee benefits

Short-term employee benefits

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

Post-employment benefits

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

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

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

p. Share-based payment arrangements

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Company's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. The expense is recognized in full at the grant date if the grants are vested immediately. The grant date of issued ordinary shares for cash which are reserved for employees is the date on which the number of shares that the employees purchase is confirmed.

At the end of each reporting period, the Company revises its estimate of the number of employee share options that are expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - employee share options.

q. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

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

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

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

3) Current and deferred taxes for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The Company considers the possible impact of the recent development of the COVID-19 in Taiwan and its economic environment implications when making its critical accounting estimates on cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Critical Accounting Judgments

Write-down of inventories

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

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

6. CASH AND EQUIVALENTS

	December 31	
	2021	**2020**
Cash on hand	$ 74	$ 82
Cash in banks	1,051,706	402,311
	$ 1,051,780	$ 402,393

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

	December 31	
	2021	**2020**
Cash in banks	0.00%-0.30%	0.00%-0.20%

7. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE, NET

	December 31	
	2021	**2020**
Notes receivable		
At amortized cost	$ 66,527	$ 53,422
Accounts receivable		
At amortized cost		
Gross carrying amount	$ 514,588	$ 423,600
Less: Allowance for impairment loss	3,425	98
Accounts receivable, net	$ 511,163	$ 423,502
	$ 577,690	$ 476,924

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

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

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

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

December 31, 2021

	Not Past Due	**Less than 30 Days**	**31 to 90 Days**	**Over 90 Days**	**Total**
Expected credit loss rate	0.00%	0.00%	0.00%	100.00%	
Gross carrying amount	$ 571,897	$ 5,668	$ 125	$ 3,425	$ 581,115
Loss allowance (lifetime ECL)	-	-	-	(3,425)	(3,425)
Amortized cost	$ 571,897	$ 5,668	$ 125	$ -	$ 577,690

December 31, 2020

	Not Past Due	**Less than 30 Days**	**31 to 90 Days**	**Over 90 Days**	**Total**
Expected credit loss rate	0.01%	2.66%	11.11%	100.00%	
Gross carrying amount	$ 475,586	$ 1,427	$ 9	$ -	$ 477,022
Loss allowance (lifetime ECL)	(59)	(38)	(1)	-	(98)
Amortized cost	$ 475,527	$ 1,389	$ 8	$ -	$ 476,924

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

	December 31	
	2021	2020
Balance at January 1	$ 98	$ 1,913
Add: Net remeasurement of loss allowance	3,327	(1,815)
Less: Amounts written off	-	-
Balance at December 31	$ 3,425	$ 98

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

8. INVENTORIES, NET

	December 31	
	2021	2020
Finished goods	$ 57,673	$ 116,081
Work in process	2,693	1,699
Raw materials	488,370	545,864
Goods in transit	9,466	65
	$ 558,202	$ 663,709

As of December 31, 2021 and 2020, the cost of inventories recognized as cost of goods sold was $3,778,909 thousand and $4,627,289 thousand, respectively, which included loss on write-downs inventories were $73,051 thousand and $48,757 thousand.

The Company encountered a fire accident at night on April 13, 2021; loss of inventory was estimated at $146,205 thousand and presented as other gains or losses, refer to Note 28.

9. FINANCIAL ASSETS AT FVTOCI

	December 31	
	2021	2020
Non-current		
Domestic investments		
Unlisted shares		
TMY Technology Inc.	$ 5,304	$ 10,000

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

10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in Subsidiaries

	December 31	
	2021	**2020**
Non-public company		
Bon-Mou Investment Co.	$ 89,277	$ 93,012
ITEQ International Ltd.	18,257,022	14,575,620
	$ 18,346,299	$ 14,668,632

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

	Proportion of Ownership and Voting Rights December 31	
	2021	**2020**
Bon-Mou Investment Co.	100%	100%
ITEQ International Ltd.	100%	100%

The investments in subsidiaries accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2021 and 2020 were based on the subsidiaries' financial statements which have been audited for the years then ended.

As discussed in Note 26, the Company provided financial guarantees for its subsidiary. As of December 31, 2021 and 2020, there were $27,774 thousand and $21,054 thousand included in the carrying amounts of investments in subsidiaries, respectively, due to the financial guarantees.

On March 23, 2021, the board of directors approved and planned to increase the capital of ITEQ (JX) US$80,000 thousand. As of the dates of the financial statements, US$20,000 thousand was received.

On February 6, 2020, the board of directors approved and planned to increase the capital of ITEQ (JX) US$60,000 thousand, which was fully received.

11. PROPERTY, PLANT AND EQUIPMENT

	Equipment	Transport Equipment	Facilities	Leased Improvements	Other Equipment	Total
Cost						
Balance at January 1, 2021	$ 909,741	$ 10,369	$ 10,202	$ 379,792	$ 609,961	$ 1,920,065
Disposals	(447,660)	(1,209)	-	(206,685)	(336,473)	(992,027)
Reclassified	31,567	-	160	68,566	55,998	156,291
Balance at December 31, 2021	$ 493,648	$ 9,160	$ 10,362	$ 241,673	$ 329,486	$ 1,084,329

(Continued)

	Equipment	Transport Equipment	Facilities	Leased Improvements	Other Equipment	Total
Accumulated depreciation and impairment						
Balance at January 1, 2021	$ 635,341	$ 10,078	$ 8,736	$ 277,886	$ 444,349	$ 1,376,390
Depreciation expense	64,893	159	800	32,851	44,573	143,276
Disposals	(447,660)	(1,209)	-	(206,484)	(336,317)	(991,670)
Reclassified	134,802	-	-	48,914	77,432	261,148
Balance at December 31, 2021	$ 387,376	$ 9,028	$ 9,536	$ 153,167	$ 230,037	$ 789,144
Net value	$ 106,272	$ 132	$ 826	$ 88,506	$ 99,449	$ 295,185
Cost						
Balance at January 1, 2020	$ 880,687	$ 10,509	$ 11,820	$ 378,107	$ 652,658	$ 1,933,781
Disposals	(3,143)	(140)	(2,015)	-	(11,981)	(17,279)
Reclassified	32,197	-	397	1,685	(30,716)	3,563
Balance at December 31, 2020	$ 909,741	$ 10,369	$ 10,202	$ 379,792	$ 609,961	$ 1,920,065
Accumulated depreciation and impairment						
Balance at January 1, 2020	$ 547,164	$ 9,951	$ 9,466	$ 233,142	$ 439,423	$ 1,239,146
Depreciation expense	91,016	267	888	44,744	64,789	201,704
Disposals	(3,143)	(140)	(2,015)	-	(10,552)	(15,850)
Reclassified	304	-	397	-	(49,311)	(48,610)
Balance at December 31, 2020	$ 635,341	$ 10,078	$ 8,736	$ 277,886	$ 444,349	$ 1,376,390
Net value	$ 274,400	$ 291	$ 1,466	$ 101,906	$ 165,612	$ 543,675

(Concluded)

The Company encountered a fair accident at night on April 13, 2021; loss of property, plant and equipment was estimated at $261,148 thousand and presented as other gains or losses, refer to Note 28.

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	
Electromechanical power equipment	5-12 years
Renovation	2-5 years
Transportation equipment	5-10 years
Facilities	
Computers	3-10 years
Office furniture	3-5 years
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

12. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2021	2020
Carrying amount		
Buildings	$ 200,295	$ 229,848

	For the Year Ended December 31	
	2021	2020
Additions to right-of-use assets	$ -	$ 1,376
Depreciation charge for right-of-use assets		
Buildings	$ 29,553	$ 29,553

b. Lease liabilities

	December 31	
	2021	2020
Carrying amount		
Current	$ 27,766	$ 27,347
Non-current	$ 169,250	$ 197,015

Range of discount rates for lease liabilities was as follows:

	December 31	
	2021	2020
Buildings	1.6%-3.2%	1.6%-3.2%

c. Material lease-in activities and terms

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

d. Other lease information

	For the Year Ended December 31	
	2021	2020
Expenses relating to short-term leases and low-value asset leases	$ 4,809	$ 4,508
Total cash outflow for leases	$ (35,560)	$ (35,200)

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

13. OTHER NON-CURRENT ASSETS

	December 31	
	2021	2020
Refundable deposits (Note 25)	$ 108,487	$ 103,514
Net defined benefit assets (Note 16)	22,082	19,979
Long-term prepayments	17,012	14,857
Materials and Supplies	6,061	5,868
	$ 153,642	$ 144,218

14. BORROWINGS

a. Short-term borrowings

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

b. Short-term bills payable

Outstanding short-term bills payable were as follows:

	December 31	
	2021	2020
Commercial paper	$ -	$ 50,000
Less: Unamortized discounts on bills payable	-	15
	$ -	$ 49,985
Interest rate	-	0.86%

c. Long-term borrowings

	December 31	
	2021	2020
Credit loans	$ -	$ 1,728,235
Less: Current portion	-	88,235
	$ -	$ 1,640,000
Interest rate	-	0.64%-0.94%
Contract start/end	-	2014/8/27- 2022/9/30

On June 22, 2020, the Company obtained a US$25,000 thousand bank loan under two-year revolving agreement with Bank of China. As of December 31, 2020, the Company had already accessed the loan fund of $670,000 thousand. It was paid in full by the Company in September 2021.

On September 30, 2020, the Company obtained a $700,000 thousand bank loan under a two-year revolving agreement with the KGI Commercial Bank. As of December 31, 2020, the Company had already accessed the loan fund of $470,000 thousand. It was paid in full by the Company in September 2021.

On December 6, 2018, the Company obtained a $500,000 thousand bank loan under a three-year revolving agreement with the Agricultural Bank of Taiwan. As of December 31, 2020, the Company had already accessed the loan fund of $500,000 thousand. It was paid in full by the Company in September 2021.

On August 27, 2014, the Company obtained a bank loan of $500,000 thousand under a seven-year revolving agreement with O-Bank. The Company paid the amount of $411,765 thousand on December 31, 2021, and settled the remaining balance in September 2020. The bank loan agreement stipulated that:

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

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

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

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

15. PROVISIONS - CURRENT

	December 31	
	2021	**2020**
Returns and allowances	$ -	$ -

Changes in returns and allowances provisions were as follows:

	For the Year Ended December 31	
	2021	**2020**
Balance at January 1	$ -	$ 3,420
Reversal	-	(3,420)
Balance at December 31	$ -	$ -

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

16. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

For the years ended December 31, 2021 and 2020, the Company recognized pension costs of $14,020 thousand and $14,080 thousand, respectively.

b. Defined benefit plans

The defined benefit plan adopted by the Company in accordance with the Labor Standards is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee’s name. With the consent of the Hsinchu Country Government, the contributions of pensions will be suspended from March 2021 to March 2022. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the “Bureau”) and the Company has no right to influence the investment policy and strategy.

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

	December 31	
	2021	2020
Present value of defined benefit obligation	$ 25,584	$ 26,706
Fair value of plan assets	(47,666)	(46,685)
Net defined benefit assets (part of other non-current assets)	$ (22,082)	$ (19,979)

Movements in net defined benefit assets were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Asset
Balance at January 1, 2020	$ 25,841	$ (45,010)	$ (19,169)
Net interest expense (income)	188	(335)	(147)
Recognized in profit or loss	188	(335)	(147)
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,486)	(1,486)
Actuarial loss - changes in financial assumptions	1,122	-	1,122
Actuarial loss - changes in demographic assumptions	289	-	289
Actuarial loss - experience adjustments	(3)	-	(3)
Recognized in other comprehensive income	1,408	(1,486)	(78)
Contributions from the employer	-	(585)	(585)
Benefits paid	(731)	731	-
Balance at December 31, 2020	26,706	(46,685)	(19,979)
Net interest expense (income)	91	(162)	(71)
Recognized in profit or loss	91	(162)	(71)
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(670)	(670)
Actuarial loss - changes in financial assumptions	(917)	-	(917)

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Asset
Actuarial loss - changes in demographic assumptions	$ 67	$ -	$ 67
Actuarial loss - experience adjustments	(363)	-	(363)
Recognized in other comprehensive income	(1,213)	(670)	(1,883)
Contributions from the employer	-	(149)	(149)
Benefits paid	-	-	-
Balance at December 31, 2021	$ 25,584	$ (47,666)	$ (22,082)

(Concluded)

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

	For the Year Ended December 31	
	2021	2020
Administration profits	$ (71)	$ (147)

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

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

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

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

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

	December 31	
	2021	2020
Discount rate	0.70%	0.35%
Expected rates of future salary increase	2.00%	2.00%

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

	December 31	
	2021	2020
Discount rate(s)		
0.25% increase	$ (634)	$ (721)
0.25% decrease	$ 659	$ 751
Expected rate(s) of salary increase		
0.25% increase	$ 648	$ 737
0.25% decrease	$ (628)	$ (711)

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

As of December 31, 2021 and 2020, the expected contributions to the plan for the next year were $0 thousand and $727 thousand, respectively. The average duration of the defined benefit obligation was 10 years and 11 years.

17. EQUITY

a. Share capital

	December 31	
	2021	2020
Authorized shares (in thousands)	500,000	500,000
Authorized capital	$ 5,000,000	$ 5,000,000
Issued and paid shares (in thousands)	382,957	332,957
Issued capital	$ 3,829,572	$ 3,329,572

On May 4, 2021, ITEQ Corporation’s board of directors resolved to issue 50,000 thousand ordinary shares, with a par value of NT$10, for consideration of NT$130 per share. The total amount in par value is NT$500,000 thousand, and the subscription base date was set by the board of directors on September 2, 2021. The total collected amount of shares was $6,494,343 thousand after deducting the administration fee, and the registration of changes was completed.

On December 20, 2019, ITEQ Corporation’s board of directors resolved to issue 30,000 thousand ordinary shares, with a par value of NT$10, for consideration of NT$110 per share. The total amount in par value is 300,000 thousand, and the subscription base date was set by the board of directors on March 31, 2020. The total collected capital was $3,294,216 thousand after deducting the administration fee. The capital was all collected, and the alternation was registered

b. Capital surplus

	December 31 2021	December 31 2020
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital*		
Shares premium from issuance	$ 9,672,774	$ 3,672,907
Expired employee share options	10,378	9,144
Not to be used for any purpose		
Employee share options	7,329	-
	$ 9,690,481	$ 3,682,051

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

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the amended Articles, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonus to shareholders. For information on the accrual basis of the compensation of employees and remuneration of directors and supervisors and the actual appropriations, refer to Note 19-6, employee benefits expense.

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

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

The appropriations from the earnings of 2020 and 2019 were approved in the shareholders' meetings on July 2, 2021 and June 16, 2020, respectively. The appropriations were as follows:

	Appropriation of Earnings 2020	Appropriation of Earnings 2019	Dividends Per Share (NT$) 2020	Dividends Per Share (NT$) 2019
Legal reserve	$ 266,564	$ 246,330		
Special reserve	(138,454)	377,710		
Cash dividends	1,664,786	1,664,786	$ 5.0	$ 5.0

The appropriation of the 2021 earnings will be proposed by the Company's board of directors on March 16, 2022. The appropriations, including dividends per share, are as follows:

	Appropriation of Earnings	Dividends Per Share (NT$)
Legal reserve	$ 314,669	
Special reserve	69,245	
Cash dividends	1,914,786	$5.0

The appropriation of earnings for 2021 are subject to the resolution in the shareholders' meeting to be held on June 14, 2022.

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

d. Other items of equity

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

	For the Year Ended December 31	
	2021	2020
Balance at January 1	$ (442,507)	$ (581,111)
Recognized for the year		
Exchange differences on translation of the financial statements of foreign operations	(78,126)	173,255
Tax effects	15,625	(34,651)
Other comprehensive income recognized for the year	(62,501)	138,604
Balance at December 31	$ (505,008)	$ (442,507)

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

	For the Year Ended December 31	
	2021	2020
Balance at January 1	$ (2,429)	$ (2,279)
Recognized for the year		
Unrealized gain/(loss) - equity instruments	(4,696)	-
Share of other comprehensive income (loss) of subsidiaries	(2,049)	(150)
Other comprehensive income recognized for the year	(6,745)	(150)
Balance at December 31	$ (9,174)	$ (2,429)

18. REVENUE

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

	For the Year Ended December 31	
	2021	2020
Copper clad laminate	$ 1,924,128	$ 2,861,377
Prepeg	860,209	1,907,934
Others	895,674	448,741
	$ 3,680,011	$ 5,218,052

The balance of the contract liabilities of the Company from the sale of goods on December 31, 2021 and 2020 was $0 thousand and $1,168, respectively. The change in contract liabilities is mainly due to the difference between the point of meeting the performance obligation and the time of payment by the customer.

19. NET INCOME

a. Other income

	For the Year Ended December 31	
	2021	2020
Interest income	$ 1,618	$ 1,936
Government grant	736	6,274
Other income	36,684	45,309
	$ 39,038	$ 53,519

b. Other gains and losses

	For the Year Ended December 31	
	2021	2020
Net foreign exchange losses	$ (33,929)	$ (51,958)
Other losses	(324)	(3,201)
Disaster losses (Note 28)	(64,195)	-
	$ (98,448)	$ (55,159)

c. Depreciation and amortization

	For the Year Ended December 31	
	2021	2020
Property, plant and equipment	$ 143,276	$ 201,704
Right-of-use assets	29,553	29,553
Prepayments	9,429	4,303
	$ 182,258	$ 235,560

(Continued)

	For the Year Ended December 31	
	2021	2020
An analysis of depreciation by function		
Operating costs	$ 115,063	$ 175,875
Operating expenses	57,766	55,382
	$ 172,829	$ 231,257
An analysis of amortization by function		
Operating costs	$ 5,812	$ 2,630
General and administrative expenses	3,044	1,036
Research and development expenses	573	637
	$ 9,429	$ 4,303

(Concluded)

d. Finance costs

	For the Year Ended December 31	
	2021	2020
Interest on bank loans	$ 21,084	$ 31,695
Interest on lease liabilities	3,405	3,853
	$ 24,489	$ 35,548

e. Employee benefits expense

	For the Year Ended December 31	
	2021	2020
Short-term benefits	$ 569,671	$ 631,889
Post-employment benefits (Note 16)		
Defined contribution plans	14,020	14,080
Defined benefit plans	(71)	(147)
	13,949	13,933
Share-based payment	6,758	34,596
	$ 590,378	$ 680,418

	For the Years Ended December 31					
	2021			2020		
	Classified as Operating Cost	Classified as Operating Expense	Total	Classified as Operating Cost	Classified as Operating Expense	Total
Analysis by function						
Salaries and bonuses	$ 179,177	$ 282,175	$ 461,352	$ 220,945	$ 311,847	$ 532,792
Employees' insurance	17,934	17,649	35,583	17,914	14,961	32,875
Pension cost	6,623	7,326	13,949	7,334	6,599	13,933
Director's remuneration	-	50,952	50,952	-	44,283	44,283
Others	16,017	12,525	28,542	15,382	41,153	56,535
	$ 219,751	$ 370,627	$ 590,378	$ 261,575	$ 418,843	$ 680,418

As of December 31, 2021 and 2020, the Company's average number of employees were 453 and 468, respectively. The number of directors who have not served as employees is 6 and 5, respectively. The average employee benefit expenses were $1,207 thousand and $1,374 thousand, respectively. The average salary expenses were $1,032 thousand and $1,151 thousand, and the average salary expenses costs changed by (10.26%). The Company has established an audit committee, and the remuneration of independent directors has been incorporated into the remuneration of directors for disclosure.

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

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

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

f. Employees' compensation and remuneration of directors

Articles of Incorporation of the Company stipulate to distribute compensation of employees and remuneration of directors at the rates no less than 2% and no higher than 2%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and remuneration of directors in cash for the years ended December 31, 2021 and 2020 have been approved by the Company's board of directors on March 16, 2022 and March 23, 2021, respectively.

	For the Year Ended December 31	
	2021	**2020**
Employees' compensation - ratio	6.5%	6.5%
Remuneration of directors - ratio	1.5%	1.5%
Employees' compensation - cash	$ 219,730	$ 190,724
Remuneration of directors - cash	50,707	44,013

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

There was no difference between the amounts of the bonus to employees and the remuneration of directors and supervisors approved in the shareholders' meetings and the amounts recognized in the financial statements for the years ended December 31, 2020 and 2019.

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

g. Gains (losses) on foreign currency exchange

	For the Year Ended December 31	
	2021	2020
Foreign exchange gains	$ 25,824	$ 92,577
Foreign exchange losses	(59,753)	(144,535)
Net losses	$ (33,929)	$ (51,958)

20. INCOME TAXES

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

	For the Year Ended December 31	
	2021	2020
Current tax		
Current year	$ -	$ 46,682
Additional income tax on unappropriated earnings	-	8,684
Prior year adjustments	8,759	(16,736)
	8,759	38,630
Deferred tax		
Current year	(43,541)	(4,706)
Income tax expense recognized in profit or loss	$ (34,782)	$ 33,924

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

	For the Year Ended December 31	
	2021	2020
Income before income tax from continuing operations	$ 3,110,021	$ 2,699,489
Income tax expense calculated at the statutory rate	$ 622,004	$ 539,898
Nondeductible expenses in determining taxable income	9,254	28,117
Tax-exempt income	(692,457)	(526,039)
Unrecognized loss carryforwards	17,658	-
Additional income tax on unappropriated earnings	-	8,684
Adjustments for prior year's tax	8,759	(16,736)
Income tax expense recognized in profit or loss	$ (34,782)	$ 33,924

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2021	2020
Deferred tax		
In respect of the current period		
Translation of foreign operations	$ 15,625	$ (34,651)

c. Current tax asset and liability

	December 31 2021	December 31 2020
Current tax asset		
Income tax refund receivable	$ 32,299	$ 753
Current tax liability		
Income tax payable	$ (9,329)	$ -

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2021

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred tax assets				
Write-down of inventories	$ 18,187	$ 14,610	$ -	$ 32,797
Bad debt expense	4,805	830	-	5,635
Exchange differences on translation of the financial statements of foreign operations	110,626	-	15,625	126,251
Unrealized exchange gains and losses	2,642	3,687	-	6,329
Unrealized gain of patent disposal	8,478	(6,358)	-	2,120
Others	5,056	69,155	-	74,211
	$ 149,794	$ 81,924	$ 15,625	$ 247,343
Deferred tax liabilities				
Investments accounted for using equity method	$ 358,118	$ 38,383	$ -	$ 396,501

For the year ended December 31, 2020

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

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

21. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31 2021	2020
Basic earnings per share		
Basic earnings per share	$ 9.00	$ 8.19
Diluted earnings per share		
Diluted earnings per share	$ 8.93	$ 8.15

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

Net Income

	For the Year Ended December 31 2021	2020
Net income in computation of basic earnings per share	$ 3,144,803	$ 2,665,565
Net income in computation of diluted earnings per share	$ 3,144,803	$ 2,665,565

Ordinary Shares

Unit: Thousand Shares

	For the Year Ended December 31	
	2021	**2020**
Weighted average number of ordinary shares in computation of basic earnings per share	349,533	325,580
Effect of potentially dilutive ordinary shares:		
Employees' compensation or bonus to employees	2,350	1,613
Employee share options	101	-
Weighted average number of ordinary shares used in the computation of diluted earnings per share	351,984	327,193

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

22. SHARE-BASED PAYMENT ARRANGEMENTS

a. The Company's share option plan

The Company issued 1,000 units of share 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 share options is 5 years and the certificate holder may exercise certain percentage of the share options upon expiration of 2, 3 and 4 years from the date of issuance, respectively. The exercise price of the share 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 share options shall be adjusted in accordance with the prescribed formula.

Information on employee share options is as follows:

	2021	
	Number of Options (In Thousands of Units)	**Weighted Average Exercise Price ($)**
Balance at January 1	-	$ -
Options granted	1,000	95.9
Options forfeited	-	-
Balance at December 31	1,000	95.9
Options exercisable, end of the year	-	
Weighted-average fair value of options granted ($)	$ 57.2	

Information on outstanding options was as follows:

	December 31, 2021
Range of exercise price	$ 95.9
Weighted average remaining contractual life	4.67 years

All outstanding vested share options were measured at their market-based measure at the acquisition date. Options were priced using the Black-Scholes pricing model. The inputs to the model are as follows:

	July 30, 2021
Grant-date share price	$137
Exercise price	$95.9
Expected volatility	36.48%
Expected life	3.5 years/4 years/4.5 years
Risk-free interest rate	0.289%/0.299%/0.308%

b. Capital surplus - Employee share options

The Company's board of directors held a meeting and approved the issuance of ordinary shares for cash on May 4, 2021 and December 20, 2019, and reserved 10% of the new share for the subscription of employees in accordance with the Company Act. The share options were measured at fair value on the date they were granted. In 2021 and 2020, the Company's cost of employees' share options was $6,758 thousand and $34,596 thousand, which was recognized under capital surplus - employee share options. After receiving full payment, it was transferred to capital surplus - shares issued at a premium. Among them, 374 thousand shares and 508 thousand shares were not exercised, which amounted to $1,234 thousand and $9,144 thousand and was transferred to the capital surplus-expired employee share option from the capital surplus-employee share option.

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

	Employee Share Options	
	August 2021	February 2020
Grant-date share price	$128.50 per share	$127.50 per share
Exercise price	$130 per share	$110 per share
Expected volatility	36.36%	177.70%
Expected life	12 days	1 day
Expected dividend yield	3.41%	3.82%
Risk-free interest rate	0.29%	0.82%
Fair value of options granted	$3.3 per share	$18 per share

23. CAPITAL RISK MANAGEMENT

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

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

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

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

24. DISCLOSURES FOR FINANCIAL INSTRUMENTS

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

1) Degree of fair value measurements

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Equity securities	$ -	$ -	$ 5,304	$ 5,304

December 31, 2020

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

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

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

	Financial Assets at FVTOCI
Balance at January 1, 2021	$ 10,000
Recognized in other comprehensive income	(4,696)
Balance at December 31, 2021	$ 5,304
Balance at January 1, 2020	$ -
Purchase	10,000
Balance at December 31, 2020	$ 10,000

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

The financial statements of the Company include non-publicly quoted equity investments measured at fair value. The determination of fair value is based on the income approach, comparative company method, the counter price adjustment method, and the latest available net value information assessment. The income approach is based on the discounted cash flow used to capture the present value of the expected future economic benefits. The main assumption of the comparative company method is based on the market multiplier of the market price of listed companies and the net value per share. These values have taken into account the liquidity discounts.

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

	Multiplier	**Liquidity Discounts**
December 31, 2021	5.26-5.38	25%

b. Categories of financial instruments

	December 31	
	2021	**2020**
Financial assets		
Financial assets at amortized cost (1)	$ 2,831,858	$ 2,153,388
Financial assets at FVTOCI	5,304	10,000
Financial liabilities		
Amortized cost (2)	1,670,484	4,483,659
Financial guarantee contracts	27,774	21,504

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

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

c. Financial risk management objective and policies

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

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

1) Market risk

a) Foreign currency risk

The Company had foreign currency sales and purchases, which exposed the Company to foreign currency risk. For the years ended December 31, 2021 and 2020 approximately 65% and 47% of the Company's sales and almost 45% and 37% of costs, respectively were denominated in currencies other than the functional currency of the Company. Exchange rate exposures were managed within approved policy parameters utilizing forward foreign exchange contracts.

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

Sensitivity analysis

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

	Currency USD	
	2021	**2020**
Profit or loss	$ 15,720	$ 14,776

b) Interest rate risk

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

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

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

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

	December 31	
	2021	**2020**
Fair value interest rate risk		
Financial liabilities	$ -	$ 49,985
Cash flow interest rate risk		
Financial assets	1,050,935	402,311
Financial liabilities	-	3,118,235

Sensitivity analysis

The sensitivity analyses have been determined based on the exposure to floating interest rates for financial assets and financial liabilities. A 25 basis points increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. If interest rates had been 25 basis points higher and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2021 and 2020 would have increased by $2,627 thousand and decreased by $6,790 thousand, respectively.

c) Other price risk

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

Sensitivity analysis

Faced with the risk of changes in the price of financial assets available for sale, the Company uses a 10% increase or decrease in market prices as a reasonable risk assessment to report price changes to management. With all other variables remaining constant, if equity prices had been 10% higher, pre-tax profit for the years ended December 31, 2021 and 2020 would have increased by $530 thousand and $1,000 thousand.

2) Credit risk

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

a) the carrying amount of the respective recognized financial assets as stated in the balance sheets.

b) the amount of contingent liabilities arising from the provision of financial guarantees by the Company.

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

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

The Company's concentration of credit risk of 72% of total accounts receivable as of December 31, 2021 and 2020, respectively, were related to the Company's ten largest customers. The concentration of credit risk for the remainder of accounts receivable were immaterial.

3) Liquidity risk

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

a) Liquidity risk tables for non-derivative financial liabilities

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

December 31, 2021

	180 Days	181-270 Days	271-360 Days	361+ Days	Total
Non-derivative financial liabilities					
Notes payable and accounts payable	$ 322,408	$ -	$ -	$ -	$ 322,408
Accounts payable - related parties	553,457	-	-	-	553,457
Other payables	783,624	-	-	-	783,624
Other payables - related parties	8,495	-	-	-	8,495
Financial guarantee contracts	27,774	-	-	-	27,774
Lease liabilities	15,408	7,704	7,704	177,422	208,238
	$ 1,711,166	$ 7,704	$ 7,704	$ 177,422	$ 1,903,996

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

	Less than One Year	1-5 Years	5-10 Years
Lease liabilities	$ 30,816	$ 118,477	$ 58,945

December 31, 2020

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

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

	Less than One Year	1-5 Years	5-10 Years
Lease liabilities	$ 30,752	$ 119,821	$ 88,417

b) Financing facilities

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

	December 31	
	2021	2020
Unsecured bank borrowings facility		
Amount used	$ 163,783	$ 3,274,394
Amount unused	9,789,817	6,083,841
	$ 9,953,600	$ 9,358,235

d. Transfers of financial assets

Factored trade receivables for the years ended December 31, 2021 and 2020 were as follows:

Counterparties	Interest Rates on Advances Received (%)	Receivables Sold	Advances Received at Year-end	Amounts Collected	Credit Line
December 31, 2021					
Taishin Bank (Note)	-	$ 157,074	$ -	$ 157,074	$ 161,344
KGI Commercial Bank (Note)	-	3,325	-	3,325	16,608
		$ 160,399	$ -	$ 160,399	$ 177,952
December 31, 2020					
Taishin Bank (Note)	-	$ 36,314	$ -	$ 36,314	$ 209,552
KGI Commercial Bank (Note)	-	1,979	-	1,979	17,088
Bank SinoPac (Note)	-	-	-	-	213,600
		$ 38,293	$ -	$ 38,293	$ 440,240

Note: No advances received at year-end.

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

Pursuant to the Company's factoring agreements, losses from commercial disputes (such as sales returns and discounts) were borne by the Company, while losses from credit risk were borne by the banks. As of December 31, 2021 and 2020, the Company issued promissory notes with an aggregate amount of $180,344 thousand and $478,552 thousand to the banks as collateral, respectively.

25. TRANSACTIONS WITH RELATED PARTIES

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

a. Related party name and category

Related Party Name	Related Party Category
WIN Semiconducter Corp. (Win Corporation)	Related party in substance
ITEQ International	Subsidiary
IPL	Subsidiary
IIL	Subsidiary
ITEQ (WX)	Subsidiary
ITEQ (DG)	Subsidiary
ITEX (JX)	Subsidiary

b. Sales of goods

	For the Year Ended December 31	
Related Party Category/Name	**2021**	**2020**
ITEQ (DG)	$ 495,621	$ 1,576,798
ITEQ (JX)	723,857	333,445
ITEQ (WX)	337,691	1,291,196
Others	2,779	13,296
	$ 1,559,948	$ 3,214,735

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

c. Purchases of goods

	For the Year Ended December 31	
Related Party Category/Name	**2021**	**2020**
ITEQ (DG)	$ 67,617	$ 269,264
ITEQ (WX)	1,073,281	528,837
ITEQ (JX)	315,694	1,374
Others	4,490	1,934
	$ 1,461,082	$ 801,409

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

d. Other income

	December 31	
Related Party Category/Name	**2021**	**2020**
ITEQ (WX)	$ 31,790	$ 31,790

The Company sold the patent rights to ITEQ (WX) for $95,371 thousand in April 2019 and adjusted it to realized profits according to the period of use. Amortization is $31,790 thousand in 2021 and 2020. As of December 31, 2021 and 2020, the deferred unrealized profits was $10,597 thousand and $42,387 thousand.

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

e. Receivables from related parties

Related Party Category/Name	December 31 2021	December 31 2020
ITEQ International	$ 304,480	$ 313,280
ITEQ (DG)	6,369	430,884
ITEQ (WX)	13,015	328,864
ITEQ (JX)	616,072	59,870
Others	-	2,406
	$ 939,936	$ 1,135,304

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2021 and 2020, no impairment loss was recognized for trade receivables from related parties.

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

Related Party Category/Name	December 31 2021	December 31 2020
IPL	$ 4,341	$ 10,709
IIL	334,184	255,844
ITEQ (DG)	310	8,851
ITEQ (WX)	159,146	1,180
ITEQ (JX)	63,531	1,027
Others	440	3,056
	$ 561,952	$ 280,667

The outstanding trade payables from related parties are unsecured.

g. Lease arrangements

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

Line Item	December 31 2021	December 31 2020
Right-of-use assets	$ 198,628	$ 227,003
Refundable deposits	$ 101,891	$ 100,782
Lease liabilities - current	$ 26,566	$ 26,147
Lease liabilities - non-current	168,563	195,129
	$ 195,129	$ 221,276
Finance costs	$ 3,325	$ 3,737
Depreciation expense	$ 28,375	$ 28,375
Interest income	$ 1,109	$ 1,096

h. Compensation of key management personnel

	For the Year Ended December 31	
	2021	2020
Short-term employee benefits	$ 63,447	$ 91,889
Post-employment benefits	595	529
	$ 64,042	$ 92,418

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

26. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Company as of December 31, 2021 and 2020 were as follows:

a. Significant commitments

1) Unused letters of credit amounted to $137,655 thousand.

2) Total contracted construction equipment fees not yet paid were $591,312 thousand.

b. Contingencies

Contingent liabilities

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

	December 31	
	2021	2020
Financial guarantee for subsidiaries loans		
Amount guaranteed	$ 6,195,840	$ 4,913,760
Amount utilized	2,692,046	1,613,608

27. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

	December 31	
	2021	2020
Foreign currency asset		
Monetary item		
USD	$ 55,762	$ 43,785
Exchange rate	27.68	28.48
Carrying amount	1,543,492	1,246,997

(Continued)

	December 31	
	2021	2020
Foreign currency liabilities		
Monetary item		
USD	$ 24,322	$ 14,233
Exchange rate	27.68	28.48
Carrying amount	673,233	405,356

(Concluded)

The significant realized and unrealized foreign exchange losses were as follows:

	For the Year Ended December 31			
	2021		2020	
	Exchange Rate	Net Foreign Exchange Losses	Exchange Rate	Net Foreign Exchange Losses
USD	28.01 (USD:NTD)	$ 33,929	29.55 (USD:NTD)	$ 51,958

28. SIGNIFICANT LOSSES FROM DISASTERS

A fire accident broke out at the Company's Xinpu Plant at night on April 13, 2021, causing partial losses to plant, equipment, and inventory. However, the Company was fully insured against fire accidents, and losses after insurance claims as of the date of the report were estimated at NT$64,195 thousand, including NT$146,205 thousand from inventory, NT$261,148 thousand from property, plant, and equipment, and NT$56,842 thousand from other losses. In September 2021, the first installment of $400,000 thousand was received and the Company is still in process of negotiating with the insurance company regarding settlement matters.

29. OTHER MATTERS

As of December 31 2021, the Company evaluated that the overall business and financial aspects were not significantly impacted by the COVID-19 outbreak. In addition to keeping a close eye on its development, the Company will also continue to assess its potential impact of going concern, asset impairment and financing risks.

30. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and b. investees:

1) Financing provided to others. (Table 1)

2) Endorsements/guarantees provided. (Table 2)

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

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

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

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

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

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

9) Trading in derivative instruments. (None)

10) Information on investees. (Table 6)

c. Information on investments in mainland China

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

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

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

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

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

d) Endorsement/guarantee provided: Table 2.

e) Financing provided: Table 1.

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

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

TABLE 1

ITEQ CORPORATION

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Financing Company Name	Borrower	Financial Statement Account	Related Parties	Maximum Balance for the Period (In Thousands)	Ending Balance (In Thousands)	Transaction Amounts (In Thousands)	Interest Rate	Type of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Doubtful Accounts	Collateral		Financing Limit for Each Borrowing Company (Notes 1 and 2)	Financing Amount Limits (Notes 1 and 2)
													Item	Value		
0	ITEQ	ITEQ (JX)	Accounts receivable - related parties and other receivables - related parties	Yes	$ 336,415 thousand	$ 336,415 thousand	$ 336,415 thousand	-	Short-term financing	$ -	Operating capital	$ -	-	$ -	$ 4,070,892	$ 4,070,892
1	IIL	ITEQ (WX)	Accounts receivable - related parties and other receivables - related parties	Yes	US$ 11,568 thousand	US$ 10,148 thousand	US$ 10,148 thousand	-	Short-term financing	-	Operating capital	-	-	-	659,669	659,669
2	ITEQ (DG)	ITEQ (JX)	Accounts receivable - related parties and other receivables - related parties	Yes	RMB 200,000 thousand	RMB 200,000 thousand	RMB 200,000 thousand	1.5	Short-term financing	-	Operating capital	-	-	-	4,070,892	4,070,892
3	ITEQ (WX)	ITEQ (JX)	Accounts receivable - related parties and other receivables - related parties	Yes	RMB 993 thousand	RMB - thousand	RMB - thousand	-	Short-term financing	-	Operating capital	-	-	-	4,070,892	4,070,892
		ITEQ (JX)	Accounts receivable - related parties and other receivables - related parties	Yes	RMB 150,000 thousand	RMB 150,000 thousand	RMB 130,000 thousand	1.5	Short-term financing	-	Operating capital	-	-	-	4,070,892	4,070,892
		ITEQ (JX)	Accounts receivable - related parties and other receivables - related parties	Yes	RMB 300,000 thousand	RMB 300,000 thousand	RMB 300,000 thousand	1.5	Short-term financing	-	Operating capital	-	-	-	4,070,892	4,070,892
		IIL	Accounts receivable - related parties and other receivables - related parties	Yes	RMB 58,784 thousand	RMB 57,698 thousand	RMB 57,698 thousand	-	Short-term financing	-	Operating capital	-	-	-	4,070,892	4,070,892
4	ITEQ (JX)	ITEQ (HJ)	Accounts receivable - related parties and other receivables - related parties	Yes	RMB 104 thousand	RMB - thousand	RMB - thousand	-	Short-term financing	-	Operating capital	-	-	-	4,070,892	4,070,892

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

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

TABLE 2

ITEQ CORPORATION

ENDORSEMENT/GUARANTEE PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Notes 1 and 2)	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Property, Plant and Equipment	Ratio of Accumulated Endorsement/ Guarantee to Net Equity of the Latest Financial Statement	Maximum Endorsement/ Guarantee Amount Allowable (Notes 1 and 2)	Endorsement/ Guarantee Provided by Parent	Endorsement/ Guarantee Provided by Subsidiaries	Endorsement/ Guarantee Provided to Subsidiaries in Mainland China
		Name	Relationship										
0	ITEQ	IIL, IPL	Indirect holding 100% by subsidiary	$ 20,354,462	$ 300,000 (Note 3)	$ 300,000	$ -	$ -	1.47%	$ 20,354,462	Y	N	N
		IIL	Indirect holding 100% by subsidiary	20,354,462	1,011,040 (Note 3)	844,240	136,489	-	4.15%	20,354,462	Y	N	N
		IPL	Indirect holding 100% by subsidiary	20,354,462	3,005,700 (Note 3)	2,975,600	1,606,352	-	14.62%	20,354,462	Y	N	N
		ITEQ (JX)	Indirect holding 100% by subsidiary	20,354,462	834,000 (Note 3)	830,400	273,515	-	4.08%	20,354,462	Y	N	Y
		ITEQ (DG)	Indirect holding 100% by subsidiary	20,354,462	1,251,450 (Note 3)	1,245,600	675,690	-	6.12%	20,354,462	Y	N	Y

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

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

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

TABLE 3

ITEQ CORPORATION

MARKETABLE SECURITIES HELD
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company (Note 2)	Financial Statement Account	December 31, 2021				Note
				Shares (Thousands)	Carrying Amount	Percentage of Ownership	Fair Value	
ITEQ Corporation	Shares							
	Bon-In Biologic Technology Company	-	Financial assets at FVTPL - current	100	$ -	5.0	$ -	
	TMY Technology Inc.	-	Financial assets at FVTOCI - non-current	357	5,304	1.1	5,304	
Bon Mou Investment Co.	Shares							
	Mortech Corporation	-	Financial assets at FVTPL - current	381	4,618	1.0	4,618	
	Big Sun Energy Technology Inc.	-	Financial assets at FVTPL - non-current	887	-	0.4	-	
	Ding Mou Corporation	-	Financial assets at FVTPL - non-current	100	-	0.4	-	
	TIEF Fund, L.P.	-	Financial assets at FVTOCI - non-current	-	24,383	4.8	24,383	

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.

TABLE 4

ITEQ CORPORATION

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
ITEQ	ITEQ (DG)	Indirect holding 100 by subsidiary	Sale	$ (495,621)	(13)	-	$ -	-	$ 6,322	1	
ITEQ (DG)	ITEQ	Indirect holding 100 by subsidiary	Purchase	495,621	4	-	-	-	(6,322)	-	
ITEQ	ITEQ (WX)	Indirect holding 100 by subsidiary	Sale	(337,691)	(9)	-	-	-	13,015	1	
ITEQ (WX)	ITEQ	Indirect holding 100 by subsidiary	Purchase	337,691	3	-	-	-	(13,015)	-	
ITEQ	ITEQ (JX)	Indirect holding 100 by subsidiary	Sale	(723,857)	(20)	-	-	-	616,072	51	
ITEQ (JX)	ITEQ	Indirect holding 100 by subsidiary	Purchase	723,857	10	-	-	-	(616,072)	(21)	
ITEQ (WX)	ITEQ	Indirect holding 100 by subsidiary	Sale	(1,073,281)	(7)	-	-	-	485,276	13	
ITEQ	ITEQ (WX)	Indirect holding 100 by subsidiary	Purchase	1,073,281	16	-	-	-	(485,276)	(55)	
ITEQ (JX)	ITEQ	Indirect holding 100 by subsidiary	Sale	(315,694)	(4)	-	-	-	63,531	100	
ITEQ	ITEQ (JX)	Indirect holding 100 by subsidiary	Purchase	315,694	8	-	-	-	(63,531)	(7)	
ITEQ (DG)	ITEQ (GZ)	Same parent company	Sale	(2,088,599)	(16)	-	-	-	801,617	16	
ITEQ (GZ)	ITEQ (DG)	Same parent company	Purchase	2,088,599	35	-	-	-	(801,617)	(44)	
ITEQ (DG)	ITEQ (WX)	Same parent company	Sale	(162,341)	(1)	-	-	-	60,860	16	
ITEQ (WX)	ITEQ (DG)	Same parent company	Purchase	162,341	1	-	-	-	(60,860)	(5)	
ITEQ (GZ)	ITEQ (DG)	Same parent company	Sale	(1,426,752)	(21)	-	-	-	451,797	13	
ITEQ (DG)	ITEQ (GZ)	Same parent company	Purchase	1,426,752	12	-	-	-	(451,797)	(12)	
ITEQ (WX)	ITEQ (DG)	Same parent company	Sale	(368,368)	(2)	-	-	-	211,503	3	
ITEQ (DG)	ITEQ (WX)	Same parent company	Purchase	368,368	3	-	-	-	(211,503)	(5)	

(Continued)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
ITEQ (WX)	ITEQ (JX)	Same parent company	Sale	$ (157,903)	(1)	-	$ -	-	$ 37,206	1	
ITEQ (JX)	ITEQ (WX)	Same parent company	Purchase	157,903	2	-	-	-	(37,206)	(1)	
ITEQ (WX)	IIL	Same parent company	Sale	(723,542)	(5)	-	-	-	640,972	10	
IIL	ITEQ (WX)	Same parent company	Purchase	723,542	58	-	-	-	(640,972)	(87)	
ITEQ (JX)	ITEQ (DG)	Same parent company	Sale	(4,913,760)	(59)	-	-	-	1,941,419	64	
ITEQ (DG)	ITEQ (JX)	Same parent company	Purchase	4,913,760	43	-	-	-	(1,941,419)	(50)	
ITEQ (JX)	ITEQ (WX)	Same parent company	Sale	(2,296,060)	(27)	-	-	-	591,183	19	
ITEQ (WX)	ITEQ (JX)	Same parent company	Purchase	2,296,060	18	-	-	-	(591,183)	(15)	
ITEQ (JX)	ITEQ (HJ)	Same parent company	Sale	(133,727)	(2)	-	-	-	2,198	-	
ITEQ (HJ)	ITEQ (JX)	Same parent company	Purchase	133,727	32	-	-	-	(2,198)	(7)	
IPL	ITEQ (DG)	Same parent company	Sale	(513,548)	(34)	-	-	-	145,196	14	
ITEQ (DG)	IPL	Same parent company	Purchase	513,548	4	-	-	-	(145,196)	(4)	
IPL	ITEQ (GZ)	Same parent company	Sale	(562,889)	(37)	-	-	-	261,886	26	
ITEQ (GZ)	IPL	Same parent company	Purchase	562,889	9	-	-	-	(261,886)	(14)	
IPL	ITEQ (JX)	Same parent company	Sale	(365,679)	(24)	-	-	-	606,162	59	
ITEQ (JX)	IPL	Same parent company	Purchase	365,679	5	-	-	-	(606,162)	(9)	
IIL	ITEQ (WX)	Same parent company	Sale	(534,371)	(42)	-	-	-	614,776	64	
ITEQ (WX)	IIL	Same parent company	Purchase	534,371	4	-	-	-	(614,776)	(16)	

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

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

(Concluded)

TABLE 5

ITEQ CORPORATION

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20 OF THE PAID-IN CAPITAL
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance (Note)	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment
					Amount	Actions Taken		
ITEQ	ITEQ (JX)	Indirect holding 100% by subsidiary	$ 616,072	-	$ -	-	$ 286,853	$ -
ITEQ (DG)	ITEQ (GZ)	Same parent company	801,617	-	-	-	535,671	-
ITEQ (GZ)	ITEQ (DG)	Same parent company	451,797	-	-	-	296,722	-
ITEQ (WX)	ITEQ	Same parent company	159,146	-	-	-	123,722	-
	IIL	Same parent company	640,972	-	-	-	154,361	-
	ITEQ (DG)	Same parent company	211,503	-	-	-	140,546	-
ITEQ (JX)	ITEQ (DG)	Same parent company	1,941,419	-	-	-	1,069,138	-
	ITEQ (WX)	Same parent company	591,183	-	-	-	267,625	-
IPL	ITEQ (DG)	Same parent company	145,196	-	-	-	98,918	-
	ITEQ (GZ)	Same parent company	261,886	-	-	-	83,162	-
	ITEQ (JX)	Same parent company	606,162	-	-	-	222,989	-
IIL	ITEQ	Same parent company	326,129	-	-	-	154,675	-
	ITEQ (WX)	Same parent company	614,776	-	-	-	172,594	-

TABLE 6

ITEQ CORPORATION

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless State Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		As of December 31, 2021			Net Income (Loss) of the Investee	Share of Profits	Note
				December 31, 2021	December 31, 2020	Shares (Thousands)	%	Carrying Amount			
ITEQ	ITEQ International	Samoa	Investment	US$ 61,719 thousand	US$ 61,719 thousand	18,500	100	$ 18,191,778	$ 3,954,220	$ 3,957,367	Note 1
	Bon Mou Investment Co.	Hsin Chu, Taiwan	Investment	70,000	70,000	7,000	100	89,278	(1,686)	(1,686)	
ITEQ International	ITEQ Holding	British Cayman Islands	Investment	US$ 61,719 thousand	US$ 61,719 thousand	18,500	100	US$ 651,931 thousand	US$ 141,277 thousand	US$ 141,277 thousand	
ITEQ Holding	ESIC	British Virgin Islands	Investment in PRC	US$ 13,000 thousand	US$ 13,000 thousand	10,750	100	US$ 248,542 thousand	US$ 56,031 thousand	US$ 56,031 thousand	
	IPL	Samoa	Import and export business	US$ 1,000 thousand	US$ 1,000 thousand	1,000	100	US$ 1,179 thousand	US$ 1,084 thousand	US$ 1,084 thousand	
	IIL	Samoa	Import and export business	US$ 1,000 thousand	US$ 1,000 thousand	1,000	100	US$ 3,006 thousand	US$ (966 thousand)	US$ (966 thousand)	
	Eagle Great	British Virgin Islands	Investment in PRC	US$ 8,499 thousand	US$ 8,499 thousand	8,499	100	US$ 18,990 thousand	US$ 2,198 thousand	US$ 2,198 thousand	
	ITEQ (HK)	Hong Kong	Investment in PRC	US$ 24,200 thousand	US$ 24,200 thousand	24,200	100	US$ 352,902 thousand	US$ 82,938 thousand	US$ 82,938 thousand	

Note 1: The difference of dividend income tax of the mainland subsidiary recognized by the Company under the equity method was $3,147 thousand.

Note 2: Information on investees in mainland China is detailed in Table 7.

ITEQ CORPORATION

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investments	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2021	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021	Net Income (Loss) of the Investee (Note 2)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2021	Accumulated Repatriation of Investment Income as of December 31, 2021
					Outward	Inward						
ITEQ (DG)	Produces and sells prepeg and copper clad lamination	US$ 20,000 thousand	Notes 1 and 4	US$ 13,000 thousand	$ -	$ -	US$ 13,000 thousand	US$ 41,939 thousand	100	US$ 41,939 thousand	US$ 188,025 thousand	$ -
ITEQ (WX)	Produces and sells prepeg and copper clad lamination	US$ 41,000 thousand	Notes 1 and 4	US$ 22,100 thousand	-	-	US$ 22,100 thousand	US$ 65,268 thousand	100	US$ 65,268 thousand	US$ 287,468 thousand	US$ 82,231 thousand
ITEQ (HJ)	Produces and sells mass lamination	US$ 8,499 thousand	Note 1	US$ 8,286 thousand	-	-	US$ 8,286 thousand	US$ 2,201 thousand	100	US$ 2,201 thousand	US$ 18,451 thousand	-
ITEQ (GZ)	Produces and sells prepeg and copper clad lamination	US$ 23,700 thousand	Note 1	US$ 16,200 thousand	-	-	US$ 16,200 thousand	US$ 17,746 thousand	100	US$ 17,746 thousand	US$ 91,909 thousand	US$ 26,610 thousand
ITEQ (JX)	Produces and sells prepeg and copper clad lamination	US$ 100,800 thousand	Notes 1 and 4	-	-	-	-	US$ 28,100 thousand	100	US$ 28,100 thousand	US$ 203,146 thousand	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
US$59,586 thousand	US$80,400 thousand	$12,788,843 (Note 3)

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

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

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

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

TABLE 8

ITEQ CORPORATION

INFORMATION ON MAJOR SHAREHOLDERS
DECEMBER 31, 2021

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
WIN Semiconductors Corp.	65,408,733	17.07
Fu Cun Construction Co.	33,198,897	8.66
Tian He Xing Ye Corp.	31,790,591	8.30
The special account of the second 2018 new labor pension fund discretionary investment by Capital Securities	26,120,904	6.82

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

ITEQ CORPORATION

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

STATEMENT 1

ITEQ CORPORATION

STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Remark	Amount
Cash		$ 74
Checking accounts		771
Demand deposits		743,521
Foreign currency deposits	US$3,653 thousand exchange rate 27.68	101,106
	EUR1,839 thousand exchange rate 31.32	57,597
	HK122 thousand exchange rate 3.55	433
	JPY20,350 thousand exchange rate 0.24	4,894
	RMB33,026 thousand exchange rate 4.34	143,384
		$ 1,051,780

ITEQ CORPORATION

STATEMENT OF NOTES RECEIVABLE
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Client's Name	Amount
Non-related party	
Company A	$ 32,101
Company B	30,533
Others (Note)	3,893
	$ 66,527

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

ITEQ CORPORATION

STATEMENT OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Client's Name	Amount
Non-related party	
Company A	$ 83,246
Company B	53,821
Company C	43,636
Company D	43,272
Company E	37,963
Company F	33,276
Company G	26,806
Others (Note)	192,568
	514,588
Less: Allowance for uncollectible accounts - accounts receivable	3,425
	$ 511,163

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

STATEMENT 4

ITEQ CORPORATION

STATEMENT OF OTHER RECEIVABLES
DECEMBER 31, 202
(In Thousands of New Taiwan Dollars)

Item	Amount
Other receivables - factored accounts receivable	
Taishin Bank	$ 157,074
KGI Commercial Bank	3,325
	160,399
Other receivables - others	17,349
	$ 177,748

ITEQ CORPORATION

STATEMENT OF INVENTORIES
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Amount	
	Book Value	Net Realizable Value
Finished goods	$ 87,805	$ 57,673
Work in process	2,693	2,693
Raw materials	619,128	485,272
Supplies	3,098	3,098
Good in transit	9,466	9,466
	$ 722,190	$ 558,202

ITEQ CORPORATION

STATEMENT OF INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Name	Balance, January 1, 2021		Increase (Decrease)		Investments Accounted for Using Equity Method	Recognize Subsidiary's Gain on Available for Financial Products	Financial Guarantee Contracts	Cumulative Translation Adjustment	Balance, December 31, 2021			Fair Value	Note
	Share (In Thousands)	Amount	Share (In Thousands)	Amount					Share (In Thousands)	Percentage of Ownership (%)	Amount		
Bon Mou Investment Co.	7,000	$ 93,012	-	$ -	$ (1,686)	$ (2,049)	$ -	$ -	7,000	100	$ 89,277	$ 89,277	
ITEQ International, Ltd.	18,500	14,575,620	-	(204,109)	3,957,367	-	6,270	(78,126)	18,500	100	18,257,022	18,045,462	Note 3
		$ 14,668,632		$ (204,109)	$ 3,955,681	$ (2,049)	$ 6,270	$ (78,126)			$ 18,346,299	$ 18,134,739	

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

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

Note 3: The difference between the carrying amount and the equity was recognized as $27,774 thousand of financial guarantee contracts of endorsements/guarantees provided for the subsidiaries and $118,542 thousand of the estimated tax of the surplus repatriation.

Note 4: The amount of changes in the current year was $(308,472) thousand due to the declaration of dividends issued by the subsidiaries. The amount of realized gross profit of downstream transactions was $31,790 thousand. The amount of share of capital reserve-employee share options of subsidiaries recognized was $7,329 thousand. The amount of employees compensation payable was $65,244 thousand.

ITEQ CORPORATION

STATEMENT OF RIGHT-OF-USE ASSETS
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Balance, January 1, 2021	Increase	Balance, December 31, 2021	Note
Cost				
Buildings	$ 288,801	$ -	$ 288,801	
Depreciation charge for right-of-use assets				
Buildings	$ 58,953	$ 29,553	$ 88,506	
	$ 229,848		$ 200,295	

ITEQ CORPORATION

STATEMENT OF ACCOUNTS PAYABLE
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Client's Name	Amount
Non-related party	
Company A	$ 98,473
Company B	67,972
Company C	26,177
Company D	20,687
Company E	20,437
Others (Note)	88,662
	$ 322,408

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

ITEQ CORPORATION

STATEMENT OF OTHER PAYABLES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Amount
Employees’ compensation payable	$ 310,630
Salaries and wages payable	76,627
Estimated expense payable	52,759
Compensation due to directors	50,708
Payables on equipment	242,429
Others	50,471
	$ 783,624

STATEMENT 10

ITEQ CORPORATION

STATEMENT OF OTHER CURRENT LIABILITIES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Amount
Financial guarantee contracts	$ 27,774
Deferred credits - unrealized gain or loss	9,050
Receipts under custody	14,106
Others	209
	$ 51,139

ITEQ CORPORATION

STATEMENT OF LEASE LIABILITIES
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Summary	Lease Period	Discount Rate	Balance, December 31, 2021	Note
Buildings	Offices	2018/1/1-2023/5/31	3.20%	$ 1,887	
	Plants	2013/1/9-2028/12/31	1.60%	195,129	
Less: Due within one year				27,766	
				$ 169,250	

ITEQ CORPORATION

STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Quantity (In Thousands)	Amount
Prepreg	9,401	$ 865,049
Copper clad laminate	5,212	1,929,376
Others	4,366	895,988
		3,690,413
Sales returns		(1,643)
Sales discounts		(8,759)
		(10,402)
		$ 3,680,011

ITEQ CORPORATION

STATEMENT OF COST OF GOODS SOLD
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Amount
Direct and indirect material	
Material, beginning	$ 611,344
Material purchased	1,931,670
Used material	(48,866)
Material, ending	(622,227)
	1,871,921
Direct labor	180,518
Manufacturing overhead	59,855
Manufacturing costs	2,112,294
Work in process, beginning	1,699
Work in process, ending	(2,693)
Finished goods costs	2,111,300
Finished goods, beginning	141,539
Purchased goods costs	1,461,082
Reclassified to sample expense	(21,368)
Used finished goods	(17,828)
Finished goods, ending	(97,271)
Others	296,012
	3,873,466
Revenue on sells the scraps	(21,403)
Inventory write-downs	73,051
Disaster losses	(146,205)
	$ 3,778,909

ITEQ CORPORATION

STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Selling and Marketing Expenses	General and Administrative Expenses	Research and Development Expenses	Amount
Salaries and bonus	$ 10,497	$ 213,578	$ 58,100	$ 282,175
Commission expense	20,663	-	-	20,663
Sample expense	10,541	-	10,827	21,368
Inspection and test expense	-	5,710	20,013	25,723
Depreciation expense	2	32,768	24,996	57,766
Compensation due to directors	-	50,952	-	50,952
Used material	-	3	28,772	28,775
Shipping expenses	27,026	18	170	27,214
Consulting fee	25,000	-	-	25,000
Others (Note)	8,672	97,169	30,285	136,126
	$ 102,401	$ 400,198	$ 173,163	$ 675,762

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

ITEQ CORPORATION

STATEMENT OF LABOR, DEPRECIATION AND AMORTIZATION BY FUNCTION
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021			2020		
	Classified as Cost of Revenue	Classified as Operating Expenses	Total	Classified as Cost of Revenue	Classified as Operating Expenses	Total
Labor cost						
Salary and bonus	$ 179,177	$ 282,175	$ 461,352	$ 220,945	$ 311,847	$ 532,792
Labor and health insurance	17,934	17,649	35,583	17,914	14,961	32,875
Pension	6,623	7,326	13,949	7,334	6,599	13,933
Remuneration of directors	-	50,952	50,952	-	44,283	44,283
Others	16,017	12,525	28,542	15,382	41,153	56,535
	$ 219,751	$ 370,627	$ 590,378	$ 261,575	$ 418,843	$ 680,418
Depreciation	$ 115,063	$ 57,766	$ 172,829	$ 175,875	$ 55,382	$ 231,257
Amortization	$ 5,812	$ 3,617	$ 9,429	$ 2,630	$ 1,673	$ 4,303

Note 1: As of December 31, 2021 and 2020, the Company had 453 and 468 employees, respectively. There were 6 and 5 non-employee directors for 2021 and 2020.

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

a. The average employee welfare expense for the current year is $1,207 thousand. The average employee welfare expense for the previous year is $1,374 thousand.

b. The average employee salary expenses for the current year is $1,032 thousand. The average salary of the previous year is $1,151 thousand.

c. Average employee salary expense reduced by 10.26%.

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

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

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

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

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

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

ITEQ Corporation

Chairman: Chin-Tsai Chen