

ITEQ Corporation and Subsidiaries

Consolidated Financial Statements and Independent Auditors' Review Report

For the Nine Months Ended of September 30, 2021 and 2020

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Independent Auditors' Review Report

The Board of Directors and Shareholders

ITEQ Corporation:

Introduction

We have reviewed the accompanying consolidated balance sheets of ITEQ Corporation and its subsidiaries (the "Group") as of September 30, 2021 and 2020, and the related consolidated statement of comprehensive income for the nine months ended September 30, 2021 and 2020, of changes in equity and of cash flows statement for the nine months ended September 30, 2021 and 2020, and the related notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulation Governing the Presentation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Basis for Qualified Conclusion

As disclosed in Note 4 to the consolidated financial statements, some the financial statement of non-significant subsidiaries included in the consolidated financial statements for the same reporting periods were not reviewed. As of September 30, 2021 and 2020, the combined total asset of these non-significant subsidiaries NT\$1,140,159 thousand and NT\$5,698,442 thousand respectively both representing 3% and 22% of consolidated total assets, and the combined total liabilities of non-significant subsidiaries were NT\$1,840,660 thousand and NT\$2,754,834

thousand respectively both represented 12% and 20% of consolidated total liabilities, respectively. These non-significant subsidiaries also reported total comprehensive income of NT\$12,367 thousand, NT\$126,266 thousand, NT\$51,789 thousand, and NT\$154,907 thousand that represented 2%, 15%, 2%, and 8% of consolidated total comprehensive income for the three months ended September 30, 2021 and 2020, and for the nine months ended September 30, 2021 and 2020, respectively.

Qualified Conclusion

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

Deloitte & Touche

CPA Chen-Hsiu, Yang

CPA Po-Jen, Weng

The Financial Supervisory Commission
R.O.C. Approved No.
Jing Guang Zheng Shen No.
0980032818

The Financial Supervisory Commission
R.O.C. Approved No.
Jing Guang Zheng Shen No. 1010028123

October 26, 2021

Notice to Readers

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

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

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

Unit: NTD thousand

Code	Asset	September 30, 2021 (Reviewed)		December 31, 2020 (Audited)		September 30, 2020 (Reviewed)	
		Amount	%	Amount	%	Amount	%
CURRENT ASSETS							
1100	Cash and cash equivalents (Note 6)	\$ 4,035,187	11	\$ 3,287,134	13	\$ 3,624,659	14
1110	Financial assets at fair value through profit or loss (Note 7)	4,732	-	5,696	-	6,012	-
1170	Notes & accounts receivable.net (Note 8)	14,099,654	39	10,813,071	42	11,199,513	43
1200	Other receivables (Note 26)	246,379	1	89,485	-	144,571	1
1220	Current tax assets	32,452	-	911	-	-	-
130X	Inventories - net (Note 9)	5,193,616	15	3,243,143	13	3,329,533	13
1479	Other current assets (Note 14)	1,519,150	4	1,165,187	4	1,122,686	4
11XX	Total current assets	<u>25,131,170</u>	<u>70</u>	<u>18,604,627</u>	<u>72</u>	<u>19,426,974</u>	<u>75</u>
NON-CURRENT ASSETS							
1517	Financial assets at fair value through other comprehensive income - non-current (Note 10)	29,875	-	37,655	-	26,532	-
1600	Property, plant and equipment (Note 11)	6,427,837	18	4,529,625	18	4,173,871	16
1755	Right-of-use assets (Notes 12 and 27)	324,330	1	370,720	1	382,383	1
1780	Intangible assets (Note 13)	8,242	-	8,713	-	9,543	-
1840	Deferred tax assets	307,446	1	193,380	1	245,838	1
1990	Other non-current assets (Notes 14 and 27)	3,806,355	10	1,939,658	8	1,687,674	7
15XX	Total non-current assets	<u>10,904,085</u>	<u>30</u>	<u>7,079,751</u>	<u>28</u>	<u>6,525,841</u>	<u>25</u>
1XXX	Total assets	<u>\$ 36,035,255</u>	<u>100</u>	<u>\$ 25,684,378</u>	<u>100</u>	<u>\$ 25,952,815</u>	<u>100</u>
LIABILITIES AND EQUITY							
CURRENT LIABILITIES							
2100	Short-term borrowings (Note 15)	\$ 1,433,569	4	\$ 2,231,446	9	\$ 2,163,451	8
2110	Short-term bills payable - net (Note 15)	-	-	49,985	-	49,979	-
2170	Notes and accounts payable	8,432,429	24	4,857,717	19	6,328,124	24
2219	Other payables (Note 16)	4,185,118	12	1,744,610	7	1,670,665	7
2230	Current tax liabilities	861,163	2	870,907	4	756,522	3
2250	Provisions for liabilities – current (Note 17)	13,273	-	31,619	-	15,257	-
2280	Lease liabilities - current (Notes 12 and 27)	52,585	-	54,788	-	53,770	-
2320	Current portion of long-term borrowings (Note 15)	-	-	88,235	-	117,647	1
2399	Other current liabilities (Note 20)	62,137	-	49,454	-	71,706	-
21XX	Total current liabilities	<u>15,040,274</u>	<u>42</u>	<u>9,978,761</u>	<u>39</u>	<u>11,227,121</u>	<u>43</u>
NON-CURRENT LIABILITIES							
2580	Lease liabilities - non-current (Notes 12 and 27)	237,207	1	277,342	1	289,368	1
2540	Long-term borrowings (Note 15)	-	-	1,640,000	6	1,640,000	7
2570	Deferred tax liabilities	370,900	1	358,118	2	335,990	1
2645	Guarantee deposits	32,412	-	36,503	-	34,176	-
25XX	Total non-current liabilities	<u>640,519</u>	<u>2</u>	<u>2,311,963</u>	<u>9</u>	<u>2,299,534</u>	<u>9</u>
2XXX	Total liabilities	<u>15,680,793</u>	<u>44</u>	<u>12,290,724</u>	<u>48</u>	<u>13,526,655</u>	<u>52</u>
EQUITY							
Equity attributable to the Company (Notes 19 and 24)							
3100	Share capital	<u>3,829,572</u>	<u>10</u>	<u>3,329,572</u>	<u>13</u>	<u>3,329,572</u>	<u>13</u>
3200	Capital surplus	<u>9,686,132</u>	<u>27</u>	<u>3,682,051</u>	<u>14</u>	<u>3,682,051</u>	<u>14</u>
Retained earnings							
3310	Legal reserve	1,885,194	5	1,618,630	7	1,618,630	6
3320	Special reserve	444,936	1	583,390	2	583,390	2
3350	Unappropriated earnings	<u>5,169,733</u>	<u>15</u>	<u>4,624,947</u>	<u>18</u>	<u>3,847,196</u>	<u>15</u>
3300	Total retained earnings	<u>7,499,863</u>	<u>21</u>	<u>6,826,967</u>	<u>27</u>	<u>6,049,216</u>	<u>23</u>
3400	Other equities	(<u>661,105</u>)	(<u>2</u>)	(<u>444,936</u>)	(<u>2</u>)	(<u>634,679</u>)	(<u>2</u>)
3XXX	Total equity	<u>20,354,462</u>	<u>56</u>	<u>13,393,654</u>	<u>52</u>	<u>12,426,160</u>	<u>48</u>
Total liabilities and equity		<u>\$ 36,035,255</u>	<u>100</u>	<u>\$ 25,684,378</u>	<u>100</u>	<u>\$ 25,952,815</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements
(Please see the Review Report of Deloitte & Touche on October 26, 2021)

Chairman: Chin-Tsai, Chen

Manager: Hsin-Hui, Tsai

Accounting Supervisor: Jung-Tsan, Chou

ITEQ Corporation and Subsidiaries
Consolidated Statements of Comprehensive Income
For the three months and nine months ended September 30, 2021 and 2020

NTD thousand, Except Earnings Per Share

Code		For the Three Months Ended September 30				For the Nine Months Ended September 30,			
		2021		2020		2021		2020	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	OPERATING REVENUE (Notes 20 and 26)	\$ 8,929,775	100	\$ 6,219,961	100	\$ 24,493,890	100	\$ 19,310,166	100
5000	OPERATING COSTS (Notes 9 and 21)	<u>7,191,964</u>	<u>80</u>	<u>5,046,884</u>	<u>81</u>	<u>19,760,595</u>	<u>81</u>	<u>15,512,139</u>	<u>80</u>
5900	GROSS PROFIT	<u>1,737,811</u>	<u>20</u>	<u>1,173,077</u>	<u>19</u>	<u>4,733,295</u>	<u>19</u>	<u>3,798,027</u>	<u>20</u>
	OPERATING EXPENSES (Notes 21 and 26)								
6100	Selling and marketing expenses	190,065	2	143,966	2	491,606	2	436,079	2
6200	General and administrative expenses	272,531	3	207,591	3	778,276	3	679,431	4
6300	Research and development expenses	165,838	2	102,159	2	349,256	1	290,199	1
6450	Expected credit loss (gain)	<u>2,129</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,039)</u>	<u>-</u>	<u>-</u>	<u>-</u>
6000	Total operating expenses	<u>630,563</u>	<u>7</u>	<u>453,716</u>	<u>7</u>	<u>1,617,099</u>	<u>6</u>	<u>1,405,709</u>	<u>7</u>
6900	INCOME FROM OPERATIONS	<u>1,107,248</u>	<u>13</u>	<u>719,361</u>	<u>12</u>	<u>3,116,196</u>	<u>13</u>	<u>2,392,318</u>	<u>13</u>
	NON-OPERATING INCOME AND EXPENSES (Notes 21 and 27)								
7010	Other income	19,028	-	8,023	-	57,073	-	43,874	-
7050	Financial costs	(27,948)	-	(21,171)	(1)	(62,863)	-	(56,606)	-
7020	Other gains or losses	(1,700)	-	110,161	2	(48,282)	-	25,380	-
7000	Total non-operating income and expenses	(10,620)	-	97,013	1	(54,072)	-	12,648	-
7900	INCOME BEFORE INCOME TAX	1,096,628	13	816,374	13	3,062,124	13	2,404,966	13
7950	INCOME TAX EXPENSE (Note 22)	<u>261,441</u>	<u>3</u>	<u>171,503</u>	<u>3</u>	<u>724,442</u>	<u>3</u>	<u>517,074</u>	<u>3</u>
8200	NET INCOME FOR THE PERIOD	<u>835,187</u>	<u>10</u>	<u>644,871</u>	<u>10</u>	<u>2,337,682</u>	<u>10</u>	<u>1,887,892</u>	<u>10</u>
	OTHER COMPREHENSIVE INCOME								
8310	Items that will not be reclassified subsequently to profit or loss								
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (Note 19)	(1,096)	-	1,912	-	(7,780)	-	(1,310)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (Note 22)	(141)	-	(381)	-	205	-	261	-
8360	Items that may be reclassified subsequently to profit or loss:								
8361	Exchange differences on translation (Note 19)	(70,911)	(1)	260,233	5	(260,743)	(1)	(62,800)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (Note 22)	<u>14,183</u>	<u>-</u>	<u>(52,047)</u>	<u>(1)</u>	<u>52,149</u>	<u>-</u>	<u>12,560</u>	<u>-</u>
8300	Other comprehensive income for the period (net amount after-tax)	(57,965)	(1)	209,717	4	(216,169)	(1)	(51,289)	-
8500	TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 777,222</u>	<u>9</u>	<u>\$ 854,588</u>	<u>14</u>	<u>\$ 2,121,513</u>	<u>9</u>	<u>\$ 1,836,603</u>	<u>10</u>
	NET PROFIT ATTRIBUTABLE TO:								
8610	Owners of the Company	<u>\$ 835,187</u>	<u>10</u>	<u>\$ 644,871</u>	<u>10</u>	<u>\$ 2,337,682</u>	<u>10</u>	<u>\$ 1,887,892</u>	<u>10</u>
	TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
8710	Owners of the Company	<u>\$ 777,222</u>	<u>9</u>	<u>\$ 854,588</u>	<u>14</u>	<u>\$ 2,121,513</u>	<u>9</u>	<u>\$ 1,836,603</u>	<u>10</u>
	EARNINGS PER SHARE (Note 23)								
	From continuing operations								
9710	Basic	<u>\$ 2.40</u>		<u>\$ 1.94</u>		<u>\$ 6.91</u>		<u>\$ 5.84</u>	
9810	Diluted	<u>\$ 2.39</u>		<u>\$ 1.93</u>		<u>\$ 6.86</u>		<u>\$ 5.81</u>	

The accompanying notes are an integral part of the consolidated financial statements
(Please see the Review Report of Deloitte & Touche on October 26, 2021)

Chairman: Chin-Tsai, Chen

Manager: Hsin-Hui, Tsai

Accounting Supervisor: Jung-Tsan, Chou

ITEQ Corporation and Subsidiaries
Consolidated Statements of Changes Equity
For the nine months ended September 30, 2021 and 2020
(Reviewed after Re-statement, Not Audited)

Unit: NTD thousand

Code		Share capital		Retained earnings (Note 19)			Other equity interest (Note 19)		Total Equity	
		Ordinary Shares (Thousands)	Amount (Note 19)	Capital surplus (Notes 19 and 24)	Legal reserve	Special reserve	Unappropriated earnings	Exchange Differences on Translating the Financial Statements of Foreign Operations		Unrealized gain (loss) on financial assets at FVTOCI
A1	BALANCE AT JANUARY 1, 2020	302,957	\$ 3,029,572	\$ 653,239	\$ 1,372,300	\$ 205,680	\$ 4,248,130	(\$ 581,111)	(\$ 2,279)	\$ 8,925,531
D1	Net income for the nine months ended September 30, 2020	-	-	-	-	-	1,887,892	-	-	1,887,892
D3	Other comprehensive income (loss) for the nine months ended September 30, 2020	-	-	-	-	-	-	(50,240)	(1,049)	(51,289)
D5	Total comprehensive income for the nine months ended September 30, 2020	-	-	-	-	-	1,887,892	(50,240)	(1,049)	1,836,603
	Appropriation and distribution of retained earnings for 2019:									
B1	Legal reserve	-	-	-	246,330	-	(246,330)	-	-	-
B3	Special reserve	-	-	-	-	377,710	(377,710)	-	-	-
B5	Cash dividends	-	-	-	-	-	(1,664,786)	-	-	(1,664,786)
E1	Capital increase by cash	30,000	300,000	2,994,216	-	-	-	-	-	3,294,216
N1	Share-based payment the employee stock option	-	-	34,596	-	-	-	-	-	34,596
Z1	BALANCE AS AT SEPTEMBER 30, 2020	332,957	\$ 3,329,572	\$ 3,682,051	\$ 1,618,630	\$ 583,390	\$ 3,847,196	(\$ 631,351)	(\$ 3,328)	\$ 12,426,160
A1	BALANCE AS AT JANUARY 1, 2021	332,957	\$ 3,329,572	\$ 3,682,051	\$ 1,618,630	\$ 583,390	\$ 4,624,947	(\$ 442,507)	(\$ 2,429)	\$ 13,393,654
D1	Net income for the nine months ended September 30, 2021	-	-	-	-	-	2,337,682	-	-	2,337,682
D3	Other comprehensive income for the nine months ended September 30, 2021	-	-	-	-	-	-	(208,594)	(7,575)	(216,169)
D5	Total comprehensive income for the nine months ended September 30, 2021	-	-	-	-	-	2,337,682	(208,594)	(7,575)	2,121,513
	Appropriation and distribution of retained earnings for 2020:									
B1	Legal reserve	-	-	-	266,564	-	(266,564)	-	-	-
B3	Special reserve	-	-	-	-	(138,454)	138,454	-	-	-
B5	Cash dividends	-	-	-	-	-	(1,664,786)	-	-	(1,664,786)
E1	Capital increase by cash	50,000	500,000	5,994,363	-	-	-	-	-	6,494,363
N1	Share-based payment transactions	-	-	9,718	-	-	-	-	-	9,718
Z1	BALANCE AS AT SEPTEMBER 30, 2021	382,957	\$ 3,829,572	\$ 9,686,132	\$ 1,885,194	\$ 444,936	\$ 5,169,733	(\$ 651,101)	(\$ 10,004)	\$ 20,354,462

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

(Please see the Review Report of Deloitte & Touche on October 26, 2021)

Chairman: Chin-Tsai, Chen

Manager: Hsin-Hui, Tsai

Accounting Supervisor: Jung-Tsan, Chou

ITEQ Corporation and Subsidiaries
Consolidated Statements of Cash Flows
For the nine months ended September 30, 2021 and 2020
(Reviewed after Re-statement, Not Audited)

Unit: NTD thousand

Code		For the nine months ended September 30, 2021	For the nine months ended September 30, 2020
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Income before income tax	\$ 3,062,124	\$ 2,404,966
A20010	Adjustments for:		
A20100	Depreciation expenses	697,528	594,439
A20300	Expected credit loss recognized (reversal)	(2,039)	-
A20400	Loss on Financial assets at FVITPL	964	15,969
A20900	Financial costs	62,863	56,606
A21200	Interest income	(8,417)	(9,412)
A21900	Share-based compensation payment	9,718	34,596
A22500	Loss on disposal of property, plant and equipment	11,008	6,483
A23700	Loss on impairment of property, plant and equipment	(18,707)	-
A23800	Write-down of inventories	91,127	43,741
A24100	Net unrealized loss on foreign currency exchange (gain)	17,081	(6,261)
A29900	Amortization expense	51,799	29,094
A29900	Reversal of provisions fair value through profit or loss	(18,042)	(7,535)
A29900	Losses from disaster	464,195	-
A30000	Changes in operating assets and liabilities		
A31130	Notes receivable	(899,596)	(1,100,251)
A31150	Accounts receivable	(4,235,186)	(1,338,568)
A31180	Other receivables	(157,679)	68,725
A31200	Inventories	(2,261,321)	(819,937)
A31230	Offset against value-added tax payable	(354,315)	(302,311)
A31240	Other current assets	(28,101)	5,973
A32130	Notes payable	-	368
A32150	Accounts payable	3,533,242	180,662
A32180	Other payables	1,453,042	417,166
A32230	Other current liabilities	<u>10,233</u>	<u>36,120</u>
A33000	Cash inflow (outflow) generated from operations	1,481,521	310,633
A33300	Interest paid	(58,598)	(48,262)
A33500	Income tax paid	<u>(547,822)</u>	<u>(656,618)</u>
AAAA	Net cash inflow (outflow) from operating activities	<u>875,101</u>	<u>(394,247)</u>

(To be Continued)

(Continued)

Code		For the nine months ended September 30, 2021	For the nine months ended September 30, 2020
	CASH FLOWS FROM INVESTING ACTIVITIES LOSS		
B00020	Return of investments from financial assets at fair value through other comprehensive income	\$ -	\$ 663
B00200	Proceeds from sale of financial assets at fair value through profit or loss	-	71,038
B02700	Payments for property, plant and equipment	(935,681)	(219,067)
B02800	Proceeds from disposal of property, plant and equipment	2,383	6,820
B03700	Increase in refundable deposits	(4,994)	(51,863)
B03800	Decrease in refundable deposits	65,146	1,985
B06700	Increase in other non-current assets	(69,925)	(130,485)
B07100	Increase in pre-payments for equipment	(2,923,948)	(1,322,542)
B07500	Interest received	<u>7,587</u>	<u>8,584</u>
BBBB	Net cash used in investing activities	<u>(3,859,432)</u>	<u>(1,634,867)</u>
	CASH FLOWS FROM FINANCING ACTIVITIES		
C00200	Decrease in short-term borrowings	(774,395)	(1,191,634)
C00600	Decrease in commercial paper payables	(50,412)	(340,551)
C01600	Proceeds from long-term borrowings	230,000	1,339,999
C01700	Re-payments of long-term borrowings	(1,958,235)	(988,234)
C03000	Increase in guarantee deposits	7,014	24,422
C03100	Decrease in guarantee deposits	(6,685)	(21,209)
C04020	Re-payment of the principal portion of lease liabilities	(40,803)	(38,488)
C04500	Distribution of cash dividends	(1,664,786)	(1,664,786)
C09900	Decrease in notes receivable	1,618,459	1,350,970
C04600	Capital increase by cash	<u>6,494,363</u>	<u>3,294,216</u>
CCCC	Net cash inflow from financing activities	<u>3,854,520</u>	<u>1,764,705</u>
DDDD	EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>(122,136)</u>	<u>351,008</u>
EEEE	NET INCREASE IN CASH AND CASH EQUIVALENTS	748,053	86,599
E00100	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>3,287,134</u>	<u>3,538,060</u>
E00200	CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 4,035,187</u>	<u>\$ 3,624,659</u>

The accompanying notes are an integral part of the consolidated financial statements
(Please see the Review Report of Deloitte & Touche on October 26, 2021)

Chairman: Chin-Tsai, Chen

Manager: Hsin-Hui, Tsai

Accounting Supervisor: Jung-
Tsan, Chou

ITEQ Corporation and Subsidiaries
 Note to consolidated financial statements
 For the nine months ended September 30, 2021 and 2020
 (Reviewed after Re-statement, Not Audited)
 (NTD thousand, Unless Stated Otherwise)

I. Company history

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

The consolidated financial statements of the Company and its subsidiaries, collectively referred to as the “Group” are presented in the Company’s functional currency, the New Taiwan dollar.

II. Authorization of Financial Statements

The Group’s consolidated financial report were reported to the Board of Directors and issued on October 26, 2021.

III. Application of New and Revised International Financial Reporting Standards

- (I) Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (hereinafter referred to collectively as the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

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

- (II) The IFRSs issued by the International Accounting Standards Board (IASB) and endorsed FSC with effective date starting 2022

New, Revised, or Amended Standards and Interpretations	Effective Date Issued by IASB
“Annual Improvements to IFRSs 2018–2020”	January 1, 2022 (Note 1)
Amendments to IFRS3 “References 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 are effective for exchanges or modifications to the terms of financial liabilities that occur in annual reporting periods beginning on or after January 1, 2022; the amendments to IAS 41 "Agriculture" are applied prospectively to fair value measurements for the annual reporting period beginning on or after January 1, 2022; the amendments to IFRS 1 "First-time Adoption" are retrospectively effective for annual reporting periods beginning on or after January 1, 2022.
- Note 2: The amendments are applicable to business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2022.
- Note 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, 2021.
- Note 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligation on January 1, 2022.

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

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

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

Note 2: The amendments apply for the annual reporting period beginning on and after January 1, 2023 prospectively.

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

Note 4: In addition to recognizing deferred income tax on the temporary differences between a lease and decommissioning liabilities as at January 1, 2022. The amendment also applies to transactions that occur on and after January 1, 2022.

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

IV. Summary of Significant Accounting Policies

(I) Statement of compliance

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

(II) Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

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

1. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
2. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
3. Level 3 inputs are unobservable inputs for the asset or liability.

(III) Basis of consolidation

1. Principles for preparing consolidated financial statements

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

2. Subsidiaries included in consolidated financial statements

The detailed information of the subsidiaries included in the consolidated financial statements are as follows:

Investor	Investee	Main Business	% of Ownership		
			September 30, 2021	December 31, 2020	September 30, 2020
ITEQ Corp	ITEQ International	Investment	100%	100%	100%
	Bou Mou	Investment	100%	100%	100%
ITEQ International ITEQ Holding	ITEQ Holding	Investment	100%	100%	100%
	ESIC	Mainland China Re-investment	100%	100%	100%
ESIC	IPL	Import/Export	100%	100%	100%
	IIL	Import/Export	100%	100%	100%
	Eagle Great	Mainland China Re-investment	100%	100%	100%
	ITEQ (HK)	Mainland China Re-investment	100%	100%	100%
	ITEQ (DG)	Produces and sells pre-preg products and copper-clad laminates	100%	100%	100%
ITEQ (HK)	ITEQ (JX) (Note)	Produces and sells pre-preg products and copper-clad laminates	100%	100%	100%
	ITEQ (WX)	Produces and sells pre-preg products and copper-clad laminates	100%	100%	100%
	ITEQ (GZ)	Produces and sells pre-preg products and copper-clad laminates	100%	100%	100%
Eagle Great	ITEQ (HJ)	Production and sales of MLBs.	100%	100%	100%

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

The Company's Board of Directors resolved and approved the proposal to increase the capital of ITEQ (JX) by US\$80,000 thousand during the meeting held March 23, 2021. As of the date of the financial statements, US\$20,000 thousand was received.

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

For the nine months ended September 30, 2021, among the subsidiaries included in the financial report above, except for the financial reports of ITEQ (DG), ITEQ (WX), ITEQ (GZ), and ITEQ (JX) that have been reviewed, other non-significant subsidiaries are not reviewed by Deloitte & Touche.

For the nine months ended September 30, 2020, among the subsidiaries included in the financial report above, except for the financial reports of ITEQ (DG), ITEQ (WX) and ITEQ (GZ) that have been reviewed, other non-significant subsidiaries are not reviewed by Deloitte & Touche.

(IV) Other significant accounting policies

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

1. Retirement benefits

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

2. Income tax

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

3. Share-based Payment Employees Stock Option

Employee stock options are expenses recognized on a straight-line basis during the vesting period based on the fair value of the equity instruments granted and the best estimate of the number expected to be vested, with an adjustment to the capital reserve - employee stock options. If it is vested immediately on the date of grant, the full cost is recognized on the day.

The Company revises the estimated number of employee stock options expected to be vested at each balance sheet date. If the original amount is to be revised, the effect is recognized in profit or loss, so that the cumulative cost reflects the revised estimate and adjusts, with a corresponding adjustment to capital reserve - employee stock options.

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

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

VI. Cash and equivalents

	September 30, 2021	December 31, 2020	September 30, 2020
Cash on hand	\$ 241	\$ 285	\$ 243
Cash in banks	3,007,656	2,107,612	1,832,102
Cash equivalents			
Bank acceptances	<u>1,027,290</u>	<u>1,179,237</u>	<u>1,792,314</u>
	<u>\$ 4,035,187</u>	<u>\$ 3,287,134</u>	<u>\$ 3,624,659</u>

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

	September 30, 2021	December 31, 2020	September 30, 2020
Cash in banks	0.00%~1.55%	0.00%~1.61%	0.00%~2.03%

VII. Financial instruments at fair value through profit or loss

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Current</u>			
Financial assets mandatorily measured at FVTPL			
Securities listed in ROC			
Emerging Stock			
Market	<u>\$ 4,732</u>	<u>\$ 5,696</u>	<u>\$ 6,012</u>

VIII. Notes and accounts receivable - Net

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Notes receivable</u>			
At amortized cost	<u>\$ 940,039</u>	<u>\$ 1,689,567</u>	<u>\$ 985,336</u>
<u>Accounts receivable</u>			
At amortized cost			
Gross carrying amount	\$13,167,810	\$ 9,133,845	\$10,267,625
Less: Loss allowance	<u>8,195</u>	<u>10,341</u>	<u>53,448</u>
Net	<u>\$13,159,615</u>	<u>\$ 9,123,504</u>	<u>\$10,214,177</u>
Total	<u>\$14,099,654</u>	<u>\$10,813,071</u>	<u>\$11,199,513</u>

The average credit term on sales is 120 days. The Group also has administrative measures to strengthen sales, finance and legal collection procedures for overdue receivables. The Group evaluates the credit quality, determines the credit limit of potential customers according to an internal rating system, reviews the credit status of customers in order to adjust their credit limits every half year and assigns a team responsible for the

determination and approval of credit limits. The team continually reviews the financial condition of accounts receivable and will take further actions of factoring or insurance, if necessary, in order to reduce the Group's credit risk.

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

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

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

September 30, 2021

	<u>Not Past Due</u>	<u>Past Due within 30 Days</u>	<u>31 to 90 Days</u>	<u>Past Due over 91 Days</u>	<u>Total</u>
Expected credit loss rate	0.02%	1.46%	23.66%	100.00%	
Gross carrying amount	\$ 13,141,206	\$ 14,511	\$ 8,670	\$ 3,423	\$ 13,167,810
Loss allowance (lifetime ECLs)	(<u>2,509</u>)	(<u>212</u>)	(<u>2,051</u>)	(<u>3,423</u>)	(<u>8,195</u>)
Amortized cost	<u>\$ 13,138,697</u>	<u>\$ 14,299</u>	<u>\$ 6,619</u>	<u>\$ -</u>	<u>\$ 13,159,615</u>

December 31, 2020

	<u>Not Past Due</u>	<u>Past Due within 30 Days</u>	<u>Past Due 31 to 90 Days</u>	<u>Past Due over 91 Days</u>	<u>Assessment of individual impairment losses</u>	<u>Total</u>
Expected credit loss rate	0.03%	3.00%	5.56%	100.00%		
Gross carrying amount	\$ 9,002,563	\$ 114,637	\$ 9	\$ -	\$ 16,636	\$ 9,133,845
Loss allowance (lifetime ECLs)	(<u>2,278</u>)	(<u>3,440</u>)	-	-	(<u>4,623</u>)	(<u>10,341</u>)

Amortized cost	\$ 9,000,285	\$ 111,197	\$ 9	\$ -	\$ 12,013	\$ 9,123,504
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September 30, 2020

	<u>Not Past Due</u>	<u>Past Due within 30 Days</u>	<u>Past Due 31 to 90 Days</u>	<u>Past Due over 91 Days</u>	<u>Total</u>
Expected credit loss rate	0.52%	0.75%	8.19%	100.00%	
Gross carrying amount	\$ 10,260,073	\$ 6,795	\$ 757	\$ -	\$ 10,267,625
Loss allowance (lifetime ECLs)	(53,335)	(51)	(62)	-	(53,448)
Amortized cost	<u>\$ 10,206,738</u>	<u>\$ 6,744</u>	<u>\$ 695</u>	<u>\$ -</u>	<u>\$ 10,214,177</u>

Changes in loss provision on accounts receivable:

	<u>For the nine months ended September 30, 2021</u>	<u>For the nine months ended September 30, 2020</u>
Beginning balance	\$ 10,341	\$ 71,725
Impairment losses reversed in the current period	(2,039)	-
Less: Amounts written off	-	(17,812)
Foreign exchange gains and losses	(107)	(465)
Ending balance	<u>\$ 8,195</u>	<u>\$ 53,448</u>

IX. Inventories - net

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Finished goods	\$ 958,477	\$ 524,526	\$ 604,808
Work in progress	254,386	187,111	177,854
Raw materials	3,900,894	2,487,105	2,497,088
Inventories in transit	79,859	44,401	49,783
	<u>\$ 5,193,616</u>	<u>\$ 3,243,143</u>	<u>\$ 3,329,533</u>

Inventory-related cost of goods sold for the three months ended September 30, 2021 and 2020, and for the nine months ended September 30, 2021 and 2020, were NT\$7,191,964 thousand and NT\$5,046,884 thousand, NT\$19,760,595 thousand and NT\$15,512,139 thousand, respectively, including write-downs of inventory of NT\$53,040 thousand, NT\$13,021 thousand and NT\$91,127 thousand, and NT\$43,741 thousand, respectively.

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

X. Financial assets at for value through other comprehensive income

	September 30, 2021	December 31, 2020	September 30, 2020
<u>NON-CURRENT</u>			
Domestic investment			
TMY Technology Inc.	\$ 3,243	\$ 10,000	\$ -
Foreign investments			
TIEF FUND, L.P.	<u>26,632</u>	<u>27,655</u>	<u>26,532</u>
	<u>\$ 29,875</u>	<u>\$ 37,655</u>	<u>\$ 26,532</u>

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

XI. Property, plant, and equipment

	September 30, 2021	December 31, 2020	September 30, 2020
<u>BOOK VALUE FOR EACH</u>			
<u>CATEGORY</u>			
Buildings	\$ 2,261,523	\$ 1,442,128	\$ 1,312,493
Equipment	3,415,747	2,382,798	2,151,738
Transport Equipment	7,682	8,999	8,182
Facilities	97,635	167,741	150,615
Other Equipment	582,415	426,052	437,968
Leased Improvements	<u>62,835</u>	<u>101,907</u>	<u>112,875</u>
	<u>\$ 6,427,837</u>	<u>\$ 4,529,625</u>	<u>\$ 4,173,871</u>

The Group encountered a fire accident at night on April 13, 2021; loss of property, plant, and equipment was estimated at NT\$261,148 thousand and presented as other gains or losses. See Note 30 for details.

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

Apart from depreciation expenses, reclassifications, and the situations described above, there was no material addition, disposal, or impairment of the consolidated entity's property, plant, and equipment for the nine months ended September 30, 2021 and 2020. Depreciation costs of the property, plant and equipment are calculated on a straight-line basis over their estimated useful lives as shown in the following:

Buildings	
Main buildings	15-20 years
Engineering systems	3-8 years
Equipment	
Mechanical and electrical power equipment	5-12 years
Renovation	2-5 years
Transport Equipment	5-10 years
Facilities	
Computers	3-10 years
Office furniture	3-5 years

(To be Continued)

(Continued)

Other Equipment	
Research and development equipment	3-12 years
Pollution prevention equipment	3-12 years
Miscellaneous equipment	1-12 years
Leased Improvements	3-9 years

XII. Lease arrangements

(I) Right-of-use assets

	September 30, 2021	December 31, 2020	September 30, 2020
Right-of-use assets amounts			
Buildings	\$ 285,127	\$ 329,650	\$ 341,822
Land	<u>39,203</u>	<u>41,070</u>	<u>40,561</u>
	<u>\$ 324,330</u>	<u>\$ 370,720</u>	<u>\$ 382,383</u>
	July 1 to September 30, 2021	July 1 to September 30, 2020	January 1 to September 30, 2021
The additions of the right-of-use assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,376</u>
Depreciation charge for right-of-use assets			
Buildings	\$ 11,050	\$ 11,008	\$ 33,231
Land	<u>3,631</u>	<u>3,588</u>	<u>10,972</u>
	<u>\$ 14,681</u>	<u>\$ 14,596</u>	<u>\$ 43,833</u>

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

(II) Lease liabilities

	September 30, 2021	December 31, 2020	September 30, 2020
Lease liabilities amounts			
Current	<u>\$ 52,585</u>	<u>\$ 54,788</u>	<u>\$ 53,770</u>
Non-current	<u>\$ 237,207</u>	<u>\$ 277,342</u>	<u>\$ 289,368</u>

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

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

(III) 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 based on changes in the consumer price index. The Group does not have bargain purchase options to acquire the leasehold land, plants and office spaces at the end of the lease term.

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

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

(IV) Other lease information

	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
Expenses relating to short-term and low-value asset leases	<u>\$ 12,642</u>	<u>\$ 11,011</u>	<u>\$ 37,209</u>	<u>\$ 32,436</u>
Total cash outflow for leases	<u>(\$ 28,220)</u>	<u>(\$ 26,515)</u>	<u>(\$ 84,115)</u>	<u>(\$ 78,202)</u>

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

XIII. Intangible assets

	September 30, 2021	December 31, 2020	September 30, 2020
Goodwill	<u>\$ 8,242</u>	<u>\$ 8,713</u>	<u>\$ 9,543</u>

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

XIV. Other assets

Other current assets

	September 30, 2021	December 31, 2020	September 30, 2020
Offset against value-added tax payable	\$ 1,376,556	\$ 1,062,234	\$ 998,725
Pre-payment to suppliers	15,190	12,608	22,683
Prepaid expense and others	<u>127,404</u>	<u>90,345</u>	<u>101,278</u>
	<u>\$ 1,519,150</u>	<u>\$ 1,165,187</u>	<u>\$ 1,122,686</u>

Other non-current assets

	September 30, 2021	December 31, 2020	September 30, 2020
Pre-payments for equipment	\$ 3,364,740	\$ 1,583,521	\$ 1,339,280
Long-term prepayments	216,786	96,279	90,373
Materials and supplies	72,962	61,229	44,077
Net defined benefit plan assets	20,181	19,979	19,770
Refundable deposits	131,686	178,650	184,174
Long-term prepaid investments	<u>-</u>	<u>-</u>	<u>10,000</u>
	<u>\$ 3,806,355</u>	<u>\$ 1,939,658</u>	<u>\$ 1,687,674</u>

XV. Borrowings

(I) Short-term borrowings

Refers to bank revolving credit loans; borrowing interest rates as at September 30, 2021, December 31, 2020, and September 30, 2020 were 0.60%-3.17%, 0.65%-1.15% and 0.85%-1.25%, respectively.

(II) Short-term bills payable - net

Outstanding short-term bills payable were as follows:

	September 30, 2021	December 31, 2020	September 30, 2020
Commercial paper	\$ -	\$ 50,000	\$ 50,000
Less: Unamortized discounts on bills payable	<u>-</u>	<u>15</u>	<u>21</u>
	<u>\$ -</u>	<u>\$ 49,985</u>	<u>\$ 49,979</u>
Interest rate	-	0.86%	0.86%

(III) Long-term borrowings

	September 30, 2021	December 31, 2020	September 30, 2020
Credit loans	\$ -	\$ 1,728,235	\$ 1,757,647
Less: Current portion	<u>-</u>	<u>88,235</u>	<u>117,647</u>
Long-term borrowings	<u>\$ -</u>	<u>\$ 1,640,000</u>	<u>\$ 1,640,000</u>
Interest rate	-	0.64%~0.94%	0.64%~0.89%
		August 27, 2014	August 27, 2014
		- September 30,	- September 30,
Contract start/end	-	2022	2022

As of June 22, 2020, the Company entered into a two-year credit loan agreement with the Bank of China with an aggregate amount of US\$25,000 thousand. As of December 31, 2020 and September 30, 2020, NT\$670,000 thousand was used. It was paid in full by the Company in September 2021.

As of June 22, 2020, the Company entered into a three-year credit loan agreement with the Agricultural Bank of Taiwan with an aggregate amount of US\$500,000 thousand. As of December 31, 2020 and September 30, 2020, NT\$500,000 thousand was used. It was paid in full by the Company in September 2021.

As of September 30, 2020, the Company entered into a two-year credit loan agreement with KGI Commercial Bank with an aggregate amount of US\$700,000 thousand. As of December 31, 2020 and September 30, 2020, NT\$470,000 thousand was used. It was paid in full by the Company in September 2021.

As of August 27, 2014, the Company entered into a seven-year credit loan agreement with O-Bank with an aggregate amount of US\$500,000 thousand. As of September 30, 2021, December 31, 2020 and September 30, 2020, NT\$500,000 thousand, NT\$ 411,765 and NT\$ 382,353 were repaid, respectively. The bank loan agreement stipulated that: 1) The ratio of current assets to current liabilities shall not be lower than 100%. 2) The ratio of liabilities to net tangible assets shall not be higher than 200%. 3) Interest coverage shall not be lower than 400%. 4) The net value of tangible assets shall not be lower than \$5,000,000 thousand.

XVI. Other payables

	September 30, 2021	December 31, 2020	September 30, 2020
Salary payables and employee remuneration	\$ 584,762	\$ 565,986	\$ 702,276
Construction and equipment payables	3,196,257	909,919	696,246
Others	<u>404,099</u>	<u>268,705</u>	<u>272,143</u>
	<u>\$ 4,185,118</u>	<u>\$ 1,744,610</u>	<u>\$ 1,670,665</u>

XVII. Provisions - Current

	September 30, 2021	December 31, 2020	September 30, 2020
Sales returns and allowances	<u>\$ 13,273</u>	<u>\$ 31,619</u>	<u>\$ 15,257</u>

Changes in provisions were as follows:

	<u>For the Nine Months Ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
Beginning balance	\$ 31,619	\$ 23,173
Reversal	(18,042)	(7,535)
Effect of exchange rate changes	(304)	(381)
Ending balance	<u>\$ 13,273</u>	<u>\$ 15,257</u>

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

XVIII. Retirement benefit plans

Pension benefits recognized under the defined benefit plan for the three months ended September 30, 2021 and 2020, and for the nine months ended September 30, 2021 and 2020, were calculated using the actuarially determined pension cost rate as at December 31, 2020 and 2019; the amounts calculated were NT\$18 thousand, NT\$37 thousand, NT\$54 thousand, and NT\$110 thousand, respectively.

XIX. Equity

(I) Share capital

Ordinary shares

	September 30, 2021	December 31, 2020	September 30, 2020
Authorized ordinary shares (in thousands)	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>
Authorized capital	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>
Issued and paid ordinary shares (in thousands)	<u>382,957</u>	<u>332,957</u>	<u>332,957</u>
Issued capital	<u>\$ 3,829,572</u>	<u>\$ 3,329,572</u>	<u>\$ 3,329,572</u>

On May 4, 2021, the Company's Board of Directors approved a resolution to issue 50,000 thousand new shares, with a par value of NT\$10, with subscription price of NT\$130 per share. The sum of cash issue in par value terms is NT\$500,000 thousand and the subscription base date was set by the Board of Directors on September 2, 2021. The total collected capital is NT\$6,494,363 thousand after deducting the administration fee. The capital was all collected and the change of capital was registered.

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

	September 30, 2021	December 31, 2020	September 30, 2020
<u>May be used to offset a deficit, distributed cash dividend or transferred to shares (1)</u>			
Shares premium from issuance	\$ 9,641,818	\$ 3,647,455	\$ 3,647,455
<u>May be used to offset a deficit only (2)</u>			
Shares premium from issuance	30,976	25,452	25,452
Expired employee stock options	10,378	9,144	9,144
<u>Not to be used for any purpose</u>			
Employee share options	2,960	-	-
	<u>\$ 9,686,132</u>	<u>\$ 3,682,051</u>	<u>\$ 3,682,051</u>

1. Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company’s capital surplus and once a year).
2. The capital surplus generated from the portion of the non-cash flow and the expired share option brought from “Capital Surplus- Employee Share Option” to “Capital Surplus- Share Premium” while conducting the employee share option, can be only used to offset a deficit.

(II) Retained earnings and dividends policy

Under the dividends policy as set forth in the Company’s amended Articles of Incorporation, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations and then any remaining profit together with any undistributed retained earnings shall be used by the Company’s board of directors

as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonus to shareholders. For the employee, and director and supervisor remuneration distribution policy stated in the Company's Articles of Incorporation, please refer to Note 21(6) for employees' compensation and remuneration of directors and supervisors.

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

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

The Company held an annual general meeting on July 2, 2021 and June 16, 2020. Earnings distribution motions for 2020 and 2019 have been resolved and passed 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	\$ 5

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.

(III) Other equity items

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

	For the nine months ended September 30, 2021	For the nine months ended September 30, 2020
Beginning balance	<u>(\$ 442,507)</u>	<u>(\$ 581,111)</u>
Recognized during the period		
Exchange differences on translating the financial statements of foreign operations	(260,743)	(62,800)
Effect of income tax	<u>52,149</u>	<u>12,560</u>
Other comprehensive income recognized for the period	(<u>208,594</u>)	(<u>50,240</u>)
Ending balance	<u>(\$ 651,101)</u>	<u>(\$ 631,351)</u>

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

	For the nine months ended September 30, 2021	For the nine months ended September 30, 2020
Beginning balance	<u>(\$ 2,429)</u>	<u>(\$ 2,279)</u>
Recognized during the period		
Unrealized gain/(loss) - equity instruments	(7,780)	(1,310)
Effect of income tax	<u>205</u>	<u>261</u>
Other comprehensive income recognized for the period	(<u>7,575</u>)	(<u>1,049</u>)
Ending balance	<u>(\$ 10,004)</u>	<u>(\$ 3,328)</u>

XX. Operating revenue

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
Copper Clad Laminate	\$ 6,387,468	\$ 4,193,505	\$16,996,713	\$13,060,602
Polypropylene Laminate	2,426,886	1,804,055	7,014,597	5,669,795
Others	<u>115,421</u>	<u>222,401</u>	<u>482,580</u>	<u>579,769</u>
	<u>\$ 8,929,775</u>	<u>\$ 6,219,961</u>	<u>\$24,493,890</u>	<u>\$19,310,166</u>

Up until September 30, 2021, December 31, 2020, and September 30, 2020, the balance of the Consolidated Company's contract liabilities from product sales totaled NT\$33,498 thousand, NT\$22,976 thousand, and NT\$51,565 thousand (recorded as other current liabilities), respectively. The change in contract liabilities is mainly due to the difference between the point of meeting the performance obligation and the time of payment by the customer.

XXI. Income before Income Tax

(I) Other income

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
Interest income	\$ 2,428	\$ 2,253	\$ 8,417	\$ 9,412
Grant income	8,156	4,259	23,204	16,399
Other income	<u>8,444</u>	<u>1,511</u>	<u>25,452</u>	<u>18,063</u>
	<u>\$ 19,028</u>	<u>\$ 8,023</u>	<u>\$ 57,073</u>	<u>\$ 43,874</u>

(II) Other gains or losses

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
Net foreign exchange (loss) gain	(\$ 2,978)	\$ 112,471	\$ 15,475	\$ 50,148
Net gain or loss on financial assets at FVTPL	(583)	1,628	(964)	(15,969)
Loss from disposal of property, plant and equipment	(376)	(2,573)	(11,008)	(6,483)
Reversal of loss on impairment of property, plant and equipment	-	-	18,707	-
Reversing (accruing) disaster losses	3,845	-	(64,195)	-
Other losses	(<u>1,608</u>)	(<u>1,365</u>)	(<u>6,297</u>)	(<u>2,316</u>)
	(<u>\$ 1,700</u>)	(<u>\$ 110,161</u>)	(<u>\$ 48,282</u>)	(<u>\$ 25,380</u>)

(III) Depreciation and amortization

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
Property, plant, and equipment	\$ 232,228	\$ 185,017	\$ 653,325	\$ 550,606
Right-of-use assets	14,681	14,596	44,203	43,833
Pre-payments	<u>20,158</u>	<u>12,000</u>	<u>51,799</u>	<u>29,094</u>
	<u>\$ 267,067</u>	<u>\$ 211,613</u>	<u>\$ 749,327</u>	<u>\$ 623,533</u>
An analysis of depreciation by function				
Operating costs	\$ 216,944	\$ 178,690	\$ 615,499	\$ 533,062
Operating expenses	<u>29,965</u>	<u>20,923</u>	<u>82,029</u>	<u>61,377</u>
	<u>\$ 246,909</u>	<u>\$ 199,613</u>	<u>\$ 697,528</u>	<u>\$ 594,439</u>
An analysis of amortization by function				
Operating costs	\$ 17,369	\$ 7,498	\$ 44,785	\$ 17,500
Selling and marketing expenses	1	3	6	9
General and administrative expenses	2,363	4,295	6,128	10,833
Research and development expenses	<u>425</u>	<u>204</u>	<u>880</u>	<u>752</u>
	<u>\$ 20,158</u>	<u>\$ 12,000</u>	<u>\$ 51,799</u>	<u>\$ 29,094</u>

(IV) Financial costs

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
Interest on bank loans	\$ 26,030	\$ 18,820	\$ 56,760	\$ 49,328
Interest on lease liabilities	<u>1,918</u>	<u>2,351</u>	<u>6,103</u>	<u>7,278</u>
	<u>\$ 27,948</u>	<u>\$ 21,171</u>	<u>\$ 62,863</u>	<u>\$ 56,606</u>

(V) Employee benefits expense

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
Short-term benefits	<u>\$ 648,343</u>	<u>\$ 546,583</u>	<u>\$ 1,894,358</u>	<u>\$ 1,682,626</u>
Post-employment benefits (Note 18)				
Defined contribution plans	\$ 3,438	\$ 3,586	\$ 10,455	\$ 10,557
Defined benefit plans	(18)	(37)	(54)	(110)
	<u>\$ 3,420</u>	<u>\$ 3,549</u>	<u>\$ 10,401</u>	<u>\$ 10,447</u>
Share-based payment (Note 24)	<u>\$ 9,718</u>	<u>\$ -</u>	<u>\$ 9,718</u>	<u>\$ 34,596</u>
An analysis by function				
Operating costs	\$ 404,851	\$ 330,348	\$ 1,191,844	\$ 1,046,607
Operating expenses	<u>256,630</u>	<u>219,784</u>	<u>722,633</u>	<u>681,062</u>
	<u>\$ 661,481</u>	<u>\$ 550,132</u>	<u>\$ 1,914,477</u>	<u>\$ 1,727,669</u>

As of September 30, 2021 and 2020, the Consolidated Company had 3,795 and 3,347 employees, respectively.

(VI) Employees' compensation and remuneration of directors

Articles of Incorporation of the Company stipulate to distribute employees' compensation and remuneration of directors at the rates no less than 2% and no higher than 2%, respectively, of net profit before income tax, employees' compensation and remuneration of directors. For the three months ended September 30, 2021 and 2020, and for the nine months ended September 30, 2021 and 2020, the employees' remuneration and remuneration of directors recorded are as follows:

Ratio

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
Employee's compensation	6.5%	6.5%	6.5%	6.5%
Remuneration to Directors	1.5%	1.5%	1.5%	1.5%

Amount

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
Employee's compensation	<u>\$ 62,054</u>	<u>\$ 48,298</u>	<u>\$ 170,984</u>	<u>\$ 136,740</u>
Remuneration to Directors	<u>\$ 14,320</u>	<u>\$ 11,145</u>	<u>\$ 39,458</u>	<u>\$ 31,555</u>

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

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

	Cash	
	2020	2019
Employee's compensation	\$190,724	\$136,303
Remuneration to Directors	44,013	27,261

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

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

(VII) Gains (losses) on foreign currency exchange

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
Foreign exchange gains	\$ 50,996	\$ 194,000	\$ 162,855	\$ 265,528
Foreign exchange losses	(<u>53,974</u>)	(<u>81,529</u>)	(<u>147,380</u>)	(<u>215,380</u>)
Net gain (loss)	(<u>\$ 2,978</u>)	(<u>\$ 112,471</u>)	(<u>\$ 15,475</u>)	(<u>\$ 50,148</u>)

XXII. Income tax

(I) Income tax recognized in profit or loss

Major components of tax expense were as follows:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
Current tax payable				
In respect of current period	\$ 303,351	\$ 215,920	\$ 757,160	\$ 560,903
Income tax on unappropriated earnings	38,586	-	38,586	8,684
Prior years adjustment	<u>-</u>	<u>-</u>	(<u>21,622</u>)	(<u>16,368</u>)
	<u>341,937</u>	<u>215,920</u>	<u>774,124</u>	<u>553,219</u>
Deferred tax				
In respect of current period	(80,496)	(44,417)	(49,682)	(44,101)
Effect of change in the tax rate	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,956</u>
	(<u>80,496</u>)	(<u>44,417</u>)	(<u>49,682</u>)	(<u>36,145</u>)
Income tax expense recognized in profit or loss	<u>\$ 261,441</u>	<u>\$ 171,503</u>	<u>\$ 724,442</u>	<u>\$ 517,074</u>

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

(II) Income tax recognized in other comprehensive income

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
<u>Deferred tax</u>				
Recognized during the period				
- Exchange difference on translating the financial statements of foreign operations foreign operators	\$ 14,183	(\$ 52,047)	\$ 52,149	\$ 12,560
- Unrealized gain (loss) on financial assets at FVTOCI	(<u>141</u>)	(<u>381</u>)	<u>205</u>	<u>261</u>
	<u>\$ 14,042</u>	<u>(\$ 52,428)</u>	<u>\$ 52,354</u>	<u>\$ 12,821</u>

(III) Income tax assessments

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

XXIII. Earnings per share

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
Basic earnings per share	<u>\$ 2.40</u>	<u>\$ 1.94</u>	<u>\$ 6.91</u>	<u>\$ 5.84</u>
Diluted earnings per share	<u>\$ 2.39</u>	<u>\$ 1.93</u>	<u>\$ 6.86</u>	<u>\$ 5.81</u>

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

NET INCOME FOR THE PERIOD

	<u>For the Three Months Ended September 30,</u>		<u>For the Nine Months Ended September 30,</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Net income in the computation of basic earnings per share	<u>\$ 835,187</u>	<u>\$ 644,871</u>	<u>\$ 2,337,682</u>	<u>\$ 1,887,892</u>
Net income in the computation of diluted earnings per share	<u>\$ 835,187</u>	<u>\$ 644,871</u>	<u>\$ 2,337,682</u>	<u>\$ 1,887,892</u>

NUMBER OF SHARES

Unit: Thousand Shares

	<u>For the Three Months Ended September 30,</u>		<u>For the Nine Months Ended September 30,</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Weighted average number of ordinary shares in the computation of basic earnings per share	348,718	332,957	338,269	323,103
Effect of potentially dilutive ordinary shares:				
Employees' compensation	428	393	2,441	2,077
Employee share options	<u>66</u>	<u>-</u>	<u>66</u>	<u>-</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>349,212</u>	<u>333,350</u>	<u>340,776</u>	<u>325,180</u>

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

XXIV. Share-based payment agreement

(I) The Company's stock option plan

The Company issued 1,000 units of stock options to employees in July 2021. Each unit may subscribe for 1,000 ordinary shares. Employees of the Company and subsidiaries meeting certain criteria are entitled. The duration of stock options is 5 years and the certificate holder may exercise certain percentage of the stock options upon expiration of 2, 3 and 4 years from the date of issuance, respectively. The exercise

price of the stock options shall not be lower than 70% of the closing price of the ordinary shares on the date of issuance. In the event of changes in the shares of the Company's shares, the exercise price of the stock options shall be adjusted in accordance with the prescribed formula. From January 1 to September 30, 2021, the cost for stock options recognized was 2,690 thousand and the same amount of capital reserve - employee stock options was recognized.

Information on employee stock options is as follows:

	For the nine months ended September 30, 2021	
<u>Employee share options</u>	<u>Unit: (Thousand)</u>	<u>Weighted average exercise price (NT\$)</u>
Outstanding at the beginning of the period	-	\$ -
Issued this period	1,000	95.9
Lost this period	<u>-</u>	-
Outstanding at the end of the period	<u>1,000</u>	95.9
Exercisable at the end of the period	<u>-</u>	
Weighted average fair value of stock options issued during the period (NT\$)	<u>\$ 57.2</u>	

As of September 30, 2021, information associated with outstanding employee stock options is as follows:

	<u>September 30, 2021</u>
Range of exercise price (NT\$)	\$ 95.9
Weighted average remaining contractual term (years)	4.92 years

The Company uses the Black-Scholes valuation model and the input values used in the valuation model:

	<u>July 30, 2021</u>
Grant-date share price (NT\$)	\$137
Exercise Price (NT\$)	\$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%

(II) Capital surplus - Employee stock options

The company's Board of Directors meeting approved the issuance of common stock for cash on July 2, 2021 and February 6, 2020, and reserved 10% of the new share for the subscription of employees in accordance with the Company Act. The stock options were measured at fair value on the date they were granted. For the nine months ended September 30, 2021 and 2020, the Company's cost of employees' stock options was NT\$6,758 thousand and NT\$34,596 thousand, which was recognized under capital surplus - employee stock options. After receiving full payment, it was transferred to capital surplus - shares issued at a premium. Among them, 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 stock option.

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

	Employee Stock Options	
	August, 2021	February, 2020
Grant-date share price (NT\$)	\$128.50 per share	\$127.50 per share
Exercise Price (NT\$)	\$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 (NT\$)	\$3.3 per share	\$18 per share

XXV. Capital management

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

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

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

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

XXVI. Disclosures for financial instruments

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

1. Fair value hierarchy

September 30, 2021

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at FVITPL				
Securities listed in ROC Equity Securities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,732</u>	<u>\$ 4,732</u>
Financial assets at FVTOCI				
Equity securities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,875</u>	<u>\$ 29,875</u>

December 31, 2020

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

September 30, 2020

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at FVITPL				
Securities listed in ROC Equity Securities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,012</u>	<u>\$ 6,012</u>
Financial assets at FVTOCI				
Equity securities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,532</u>	<u>\$ 26,532</u>

There were no transfers between Level 1 and Level 2 fair value measurements during the periods January 1 to September 30, 2021 and 2020.

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

	<u>Financial assets at FVITPL</u>	<u>Financial Assets at FVTOCI</u>
January 1, 2021	\$ 5,696	\$ 37,655
Recognized in profit or loss	(964)	-
Recognized in other comprehensive income	-	(7,780)
September 30, 2021	<u>\$ 4,732</u>	<u>\$ 29,875</u>
January 1, 2020	\$ 9,045	\$ 28,505
Recognized in profit or loss	(1,843)	-
Disposal of financial assets at fair value through profit or loss	(1,190)	-
Recognized in other comprehensive income	-	(1,310)
Investment refunds	-	(663)
September 30, 2020	<u>\$ 6,012</u>	<u>\$ 26,532</u>

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

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

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

	<u>Multiplier</u>	<u>Liquidity Discounts</u>
September 30, 2021	1.21~3.30	20%~25%
December 31, 2020	1.45~2.69	20%
September 30, 2020	1.14~2.96	20%

(II) Categories of financial instruments

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
<u>Financial assets</u>			
Financial assets at FVITPL	\$ 4,732	\$ 5,696	\$ 6,012
Financial assets at amortized cost (Note 1)	18,440,918	14,357,392	15,114,403

(To be Continued)

(Continued)

	September 30, 2021	December 31, 2020	September 30, 2020
Financial assets at FVTOCI	\$ 29,875	\$ 37,655	\$ 26,532
<u>Financial liabilities</u>			
Amortized cost (Note 2)	14,083,528	10,648,496	12,004,042

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

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

(III) Financial risk management objective and policies

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

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

1. Market risk

(1) Foreign currency risk

The Group had foreign currency sales and purchases, which exposed the Group to foreign currency risk. Approximately 11% and 16% of the consolidated Company's sales for the nine months ended September 30, 2021 and 2020, were not denominated in the functional currency of the Company, and approximately 38% and 46% of the costs were not denominated in the functional currency of the Company. Exchange rate

exposures were managed within approved policy parameters utilizing forward foreign exchange contracts.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) and derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 29.

Sensitivity analysis

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

	U.S. Dollar Impact	
	For the Nine Months ended September 30, 2021	For the Nine Months ended September 30, 2020
Profit or loss	(\$ 49,901)	(\$ 2,895)

(2) Interest rate risk

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

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

	September 30, 2021	December 31, 2020	September 30, 2020
Fair value interest rate risk			
-Financial liabilities	\$ 426,187	\$ 49,985	\$ 49,979
Cash flow interest rate risk			
-Financial assets	3,006,868	2,107,612	1,832,102
-Financial liabilities	1,007,382	3,959,681	3,921,098

Sensitivity analysis

The sensitivity analysis have been determined based on the exposure to floating interest rates for financial assets and financial liabilities. A 25 basis point increase or decrease is used to report interest rate risk internally to key management personnel and represent management's assessment of the reasonable change in interest rates. With all other variables unchanged, a 25-basis point increase in the market would result in a decrease in the Company's pre-tax income by NT\$3,749 thousand and NT\$3,917 thousand for the nine months ended September 30, 2021 and 2020.

(3) Other price risks

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

Sensitivity analysis

The Group reports the reasonable risk assessment of price changes to key management personnel assuming a hypothetical increase or decrease of 10% in equity prices. For the nine months ended September 30, 2021 and 2020, if equity prices increase by 10%, income before tax would be NT\$473 thousand and NT\$601 thousand higher due to increased fair value of financial assets at fair value through profit and loss. In contrast, other comprehensive income before tax would increase by NT\$2,988 thousand and NT\$2,653 thousand due to the increase in fair value of financial assets measured at fair value through other comprehensive income, respectively.

2. Credit risk

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

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

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

The credit risk of the consolidated company is mainly concentrated in its top ten customers. As at September 30, 2021, December 31, 2020, and September 30, 2020, the ratio of the total accounts receivable coming from the aforementioned customers was 54%, 57%, and 65%, respectively. The credit concentration risk for the remaining accounts receivable was insignificant.

3. Liquidity risk

The ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate framework for the Group's short, medium, and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate banking facilities and reserve borrowing facilities in the capital market and continuously monitoring forecasts and actual cash flows as well as matching the maturity profiles of financial assets and liabilities. The detailed information of the Group's unused financing facilities as of September 30, 2021, December 31, 2020, and September 30, 2020 is further stated in (2) financing facilities below.

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

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

	September 30, 2021				Total
	180 Days	181-270 Days	271-360 Days	Over 361 Days	
<u>Non-derivative financial liabilities</u>					
Short-term borrowings	\$ 1,437,582	\$ -	\$ -	\$ -	\$ 1,437,582
Note and accounts payable	8,432,429	-	-	-	8,432,429
Other payables	4,185,118	-	-	-	4,185,118
Lease liabilities	<u>31,125</u>	<u>15,571</u>	<u>12,460</u>	<u>252,453</u>	<u>311,609</u>
	<u>\$ 14,086,254</u>	<u>\$ 15,571</u>	<u>\$ 12,460</u>	<u>\$ 252,453</u>	<u>\$ 14,366,738</u>

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

	Less than One Year	1~5 Years	5~10 Years
Lease liabilities	<u>\$ 59,156</u>	<u>\$ 186,140</u>	<u>\$ 66,313</u>

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

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

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

	September 30, 2020				Total
	180 Days	181-270 Days	271-360 Days	Over 361 Days	
<u>Non-derivative financial liabilities</u>					
Short-term borrowings	\$ 2,164,841	\$ -	\$ -	\$ -	\$ 2,164,841
Short-term bills payable	50,000	-	-	-	50,000
Note and accounts payable	6,328,124	-	-	-	6,328,124
Other payables	1,670,665	-	-	-	1,670,665
Lease liabilities	35,368	17,533	17,426	332,905	403,232
Long-term borrowings (including the current portion)	60,826	32,090	31,011	1,643,879	1,767,806
	<u>\$ 10,309,824</u>	<u>\$ 49,623</u>	<u>\$ 48,437</u>	<u>\$ 1,976,784</u>	<u>\$ 12,384,668</u>

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

	Less than One Year	1~5 Years	5~10 Years
Lease liabilities	\$ <u>70,327</u>	\$ <u>216,197</u>	\$ <u>116,708</u>

(2) Financing facilities

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

	September 30, 2021	December 31, 2020	September 30, 2020
Unsecured bank borrowings facility			
Amount used	\$ 3,023,942	\$ 4,899,963	\$ 5,267,178
Amount unused	<u>9,968,415</u>	<u>7,355,486</u>	<u>6,352,437</u>
	<u>\$ 12,992,357</u>	<u>\$ 12,255,449</u>	<u>\$ 11,619,615</u>

(IV) Transfers of financial assets

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

Counterparties	Interest Rates on Advances Received (%)	Receivables Sold	Advances Received	Amounts Collected	Credit Line
<u>September 30, 2021</u>					
Taishin Bank	-	\$ 139,741	\$ -	\$ 139,741	\$ 161,905
KGI Commercial Bank	-	3,301	-	3,301	16,710
Bank SinoPac	-	-	-	-	208,875
		<u>\$ 143,042</u>	<u>\$ -</u>	<u>\$ 143,042</u>	<u>\$ 387,490</u>
<u>December 31, 2020</u>					
Taishin Bank	-	\$ 36,314	\$ -	\$ 36,314	\$ 209,552
KGI Commercial Bank	-	1,979	-	1,979	17,088
Bank SinoPac	-	-	-	-	213,600
		<u>\$ 38,293</u>	<u>\$ -</u>	<u>\$ 38,293</u>	<u>\$ 440,240</u>
<u>September 30, 2020</u>					
Taishin Bank	-	\$ 47,964	\$ -	\$ 47,964	\$ 212,590
KGI Commercial Bank	-	1,319	-	1,319	21,000
Bank SinoPac	-	33,686	-	33,686	250,000
		<u>\$ 82,969</u>	<u>\$ -</u>	<u>\$ 82,969</u>	<u>\$ 483,590</u>

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

Pursuant to the Group's factoring agreements, losses from commercial disputes (such as sales returns and discounts) were borne by the Group, while losses from credit risk were borne by the banks. As of September 30, 2021, December 31, 2020, and September 30, 2020, the Group had issued promissory notes with an aggregate amount of NT\$430,905 thousand, NT\$478,552 thousand, and NT\$483,590 thousand to the banks as collateral, respectively.

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

The maximum loss on risk exposure arising from said acceptances that the Group continues to participate in and has derecognized is the carrying amount of said

acceptances that have been transferred but not yet due. As of September 30, 2021, December 31, 2020, and September 30, 2020, said losses were NT\$1,824,188 thousand, \$1,100,758 thousand, and NT\$522,468 thousand, respectively. Said acceptances would be due within 1 to 5 months, 1 to 3 months, and 1 to 5 months after the balance sheet date, respectively. Considering the credit risk of the derecognized bank acceptances, the Group has assessed that the fair value of its continued participation is not significant.

For the three months ended September 30, 2021 and 2020, and for the nine months ended September 30, 2021 and 2020, the Group recognized the financial costs of NT\$14,045 thousand and NT\$7,904 thousand and NT\$28,997 thousand and NT\$14,847 thousand, respectively, when transferring the bank acceptances receivable. No profit or loss was recognized for its continued participation in said acceptances both in the current period and in accumulation.

XXVII. Related Party Transactions

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

(I) Related party name and category

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

(II) Lease arrangements - Group is lessee

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

<u>Line Item</u>	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Right-of-use assets	<u>\$ 205,721</u>	<u>\$ 227,003</u>	<u>\$ 234,096</u>
Refundable deposits	<u>\$ 101,612</u>	<u>\$ 100,782</u>	<u>\$ 100,507</u>
Lease liabilities - current	\$ 26,461	\$ 26,147	\$ 26,044
Lease liabilities - non-current	<u>175,244</u>	<u>195,129</u>	<u>201,704</u>
	<u>\$ 201,705</u>	<u>\$ 221,276</u>	<u>\$ 227,748</u>

Line Item	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
Financial costs	\$ 819	\$ 922	\$ 2,533	\$ 2,841
Depreciation expenses	\$ 7,093	\$ 7,093	\$ 21,281	\$ 21,281
Interest income	\$ 277	\$ 274	\$ 830	\$ 821

(III) Compensation of key management personnel

For the three months ended September 30, 2021 and 2020, and for the nine months ended September 30, 2021 and 2020, the total compensation to the key management is as follows:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
Short-term employee benefits	\$ 53,105	\$ 9,348	\$ 74,180	\$ 69,737
Post-employment benefits	151	133	444	422
Share-based payment	950	-	950	8,028
	<u>\$ 54,206</u>	<u>\$ 9,481</u>	<u>\$ 75,574</u>	<u>\$ 78,187</u>

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

XXVIII. Significant contingent liabilities and unrecognized commitments

Significant commitments and contingencies of the Group as of September 30, 2021 were as follows:

- (I) Letter of credit issued but unused totaled NT\$946,662 thousand.
- (II) Outstanding contractual payments for construction equipment totaled NT\$3,262,155 thousand.

XXIX. Significant assets and liabilities denominated in foreign currencies

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

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Foreign currency asset</u>			
<u>Monetary item</u>			
Foreign Currency - US\$	\$ 117,489	\$ 94,331	\$ 120,444
Exchange Rate	27.85	28.48	29.10
Carrying amount	3,272,069	2,686,547	3,504,920
<u>Foreign currency liabilities</u>			
<u>Monetary item</u>			
Foreign Currency - US\$	217,291	139,135	126,234
Exchange Rate	27.85	28.48	29.10
Carrying amount	6,051,554	3,962,565	3,673,409

Foreign Currency	For the three months ended September 30, 2021		For the three months ended September 30, 2020	
	Exchange Rate	Net Foreign currency Exchange Gain (Loss)	Exchange Rate	Net Foreign currency Exchange Gain (Loss)
USD	6.47(USD: RMB)	(\$ 2,755)	6.92(USD: RMB)	\$ 116,948
USD	27.86(USD: NTD)	(3,345)	29.45(USD: NTD)	554

Foreign Currency	For the nine months ended September 30, 2021		For the nine months ended September 30, 2020	
	Exchange Rate	Net Foreign currency Exchange Gain (Loss)	Exchange Rate	Net Foreign currency Exchange Gain (Loss)
USD	6.47(USD: RMB)	\$ 36,633	6.99(USD: RMB)	\$ 90,341
USD	28.07(USD: NTD)	(31,630)	29.82(USD: NTD)	(32,220)

XXX. Losses from major 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.

XXXI. Other Matters

As of September 30, 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.

XXXII. Separately disclosed Items

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

- (I) Information about significant transactions and (II) investees:
1. Financing provided to others. (Table 1)
 2. Endorsements/guarantees provided. (Table 2)
 3. Marketable securities held (excluding investment in subsidiaries, associates, and jointly controlled entities). (Table 3)
 4. Marketable securities acquired and disposed of at costs or prices at least NT\$300 million or 20% of the paid-in capital. (None)
 5. Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital. (None)
 6. Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital. (None)
 7. Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 4)
 8. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 5)
 9. Name, locations, and other information of investees. (Table 6)
 10. Trading in derivative instruments. (None)
 11. Others: The business relationship between the parent and the subsidiaries and significant transaction between them: (Table 8)
- (III) Information on investments in Mainland China
1. Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the

period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 7)

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

(IV) Information of major shareholders:

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

XXXIII. Segments Information

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

The Company, excluded revenue and profit from triangular trade.

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

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

ITEQ JX, included revenue and profit.

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

(I) Segment revenues and results

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

	Segment Revenue		Segment Profit	
	For the Nine Months Ended September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
The Company	\$ 3,070,679	\$ 4,613,945	(\$ 429,247)	(\$ 156,537)
ITEQ WUXI	12,504,613	9,501,343	1,512,796	1,171,704
ITEQ (DG)	10,766,857	8,706,437	859,885	565,872
ITEQ (JX)	6,080,623	2,073,888	743,165	146,149
Others	<u>5,508,368</u>	<u>4,526,411</u>	<u>588,526</u>	<u>833,425</u>
	<u>\$37,931,140</u>	<u>\$29,422,024</u>	3,275,125	2,560,613
Headquarter management cost			(158,929)	(168,295)
Non-operating income and expenses			(<u>54,072</u>)	<u>12,648</u>
Income before income tax			<u>\$ 3,062,124</u>	<u>\$ 2,404,966</u>

Intersegment transactions were not eliminated from the segment revenue reported above. For the nine months ended September 30, 2021, the Company's revenue from ITEQ (WX), ITEQ (DG), ITEQ (JX), and others were NT\$1,543,412 thousand, NT\$3,236,914 thousand, NT\$5,761,040 thousand, and NT\$2,895,884 thousand, respectively; for the nine months ended September 30, 2020, the Company's revenue from ITEQ (WX), ITEQ (DG), ITEQ (JX) and others were NT\$1,228,838 thousand, NT\$2,510,128 thousand, NT\$2,070,231 thousand, and NT\$4,302,661 thousand, respectively.

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

(II) Segment assets

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Segment assets</u>			
The Company	\$ 5,446,660	\$ 3,690,220	\$ 5,228,646
ITEQ WUXI	12,967,604	11,189,231	10,310,198
ITEQ (DG)	10,446,316	8,571,072	9,262,054
ITEQ (JX)	14,919,308	7,334,422	5,510,592
Others	<u>6,575,432</u>	<u>5,948,129</u>	<u>12,920,335</u>
Sub-total	50,355,320	36,733,074	43,231,825
Others	71,213,718	58,671,000	51,936,652
Eliminations	<u>(85,533,783)</u>	<u>(69,719,696)</u>	<u>(69,215,662)</u>
Total assets	<u>\$ 36,035,255</u>	<u>\$ 25,684,378</u>	<u>\$ 25,952,815</u>

To monitor segment performance and allocate resources between segments:

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

ITEQ Corporation and Subsidiaries
FINANCING PROVIDED TO OTHERS
For the Nine Months Ended September 30, 2021

TABLE 1

Unit: NTD thousands, unless stated otherwise

No.	Financing Company Name	Borrower	Financial Statement Account	Related Parties	Maximum Balance for the Period	Ending balance	Transaction Amounts	Interest Rate	Type of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Doubtful Accounts	Collateral		Financing Limit for Each Borrowing Company (Notes 1 and 2)	Financing Amount Limits (Notes 1 and 2)
													Name	Value		
0	The Company	ITEQ (JX)	Accounts receivable - related parties and other receivables - related parties	Yes	\$ 194,184 thousand	\$ 194,184 thousand	\$ 194,184 thousand	-	Short-term financing	\$ -	Operating capital	\$ -	-	\$ -	\$ 2,947,589	\$ 2,947,589
1	IIL	ITEQ (WX)	Accounts receivable - related parties and other receivables - related parties	Yes	US\$11,568 thousand	US\$10,862 thousand	US\$10,862 thousand	-	Short-term financing	-	Operating capital	-	-	-	663,721	663,721
2	ITEQ (DG)	ITEQ (JX)	Accounts receivable - related parties and other receivables - related parties	Yes	RMB\$200,000 thousand	RMB\$200,000 thousand	RMB\$200,000 thousand	1.5	Short-term financing	-	Operating capital	-	-	-	2,947,589	2,947,589
3	ITEQ (WX)	ITEQ (JX)	Accounts receivable - related parties and other receivables - related parties	Yes	RMB150,000 thousand	RMB150,000 thousand	RMB130,000 thousand	-	Short-term financing	-	Operating capital	-	-	-	2,947,589	2,947,589
3	ITEQ (WX)	IIL	Accounts receivable - related parties and other receivables - related parties	Yes	RMB 58,784 thousand	RMB 50,117 thousand	RMB 50,117 thousand	1.5	Short-term financing	-	Operating capital	-	-	-	2,947,589	2,947,589
3	ITEQ (WX)	ITEQ (JX)	Accounts receivable - related parties and other receivables - related parties	Yes	RMB\$300,000 thousand	RMB\$300,000 thousand	RMB\$300,000 thousand	1.5	Short-term financing	-	Operating capital	-	-	-	2,947,589	2,947,589
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	-	-	-	2,947,589	2,947,589

Note 1: The Company's "Operating Procedures for Lending Funds to Others" states that the limit amount for lending funds to a single entity and ceiling amount for financing is 20% and 40% of the Company's net worth based on the most recent auditor-reviewed report (2021 Q2).

Note 2: The limit amount for lending funds to a single entity and ceiling amount for financing for the Company's 100% owned subsidiaries are capped at 600% of the Company's net worth based on the most recent auditor-reviewed report (financial report for Q2, 2021). However, if the maximum amount of each loan and financing limit exceeds 20% of the net worth shown in the Company's most recent financial report (2021 Q2), the ceiling amount shall be capped at 20% of the Company's net worth based on the most recent financial report.

Note 3: Was eliminated in the consolidated financial statements.

ITEQ Corporation and Subsidiaries
 ENDORSEMENT/GUARANTEE PROVIDED
 For the Nine Months Ended September 30, 2021

TABLE 2

Unit: NTD thousands, unless stated otherwise

No.	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Notes 1 and 2)	Maximum Amount Endorsed/ Guaranteed During the Period	Ending Balance	Transaction Amounts	Amount of Endorsement/ Guarantee Collateralized by Property, Plant and Equipment	Ratio of Accumulated Endorsement/ Guarantee to Net Equity of the Latest Financial Statement	Maximum Endorsement/ Guarantee Amount Allowable (Notes 1 and 2)	Endorsement/ Guarantee Provided by Parent	Endorsement/ Guarantee Provided by Subsidiaries	Endorsement/ Guarantee Provided to Subsidiaries in Mainland China
		Company name	Relationship										
0	The Company	IIL, IPL	Investee in which the Company holds 100% of its shares indirectly	\$ 14,737,945	\$ 300,000 (Note 3)	\$ 300,000	\$ -	\$ -	2.04%	\$ 14,737,945	Y	N	N
0	The Company	IIL	Investee in which the Company holds 100% of its shares indirectly	14,737,945	1,011,040 (Note 3)	849,425	220,501	-	5.76%	14,737,945	Y	N	N
0	The Company	IPL	Investee in which the Company holds 100% of its shares indirectly	14,737,945	3,005,700 (Note 3)	2,993,875	1,820,572	-	20.31%	14,737,945	Y	N	N
0	The Company	ITEQ (DG)	Investee in which the Company holds 100% of its shares indirectly	14,737,945	978,600 (Note 3)	974,750	396,908	-	6.61%	14,737,945	Y	N	Y

Note 1: Single-party and aggregate limits on guarantees provided to external parties are capped at 100% of the Company's net worth based on the most recent auditor-reviewed report (2021 Q2).

Note 2: Single-party and aggregate limits on guarantees provided to 100%-owned subsidiaries are capped at 300% of each subsidiary's net worth based on the most recent auditor-reviewed report (2021 Q2).

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

ITEQ Corporation and Subsidiaries
MARKETABLE SECURITIES HELD

September 30, 2021

TABLE 3

Unit: NTD thousands, unless stated otherwise

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	SEPTEMBER 30, 2021				Remarks
				Shares (Thousands)	Carrying amount	Percentage of Ownership	Fair Value	
The Company	<u>Stocks</u>							
	Bon-In Biologic Technology Company	—	Financial assets at FVITPL - current	100	\$ -	5.0	\$ -	
	TMY Technology Inc.	—	Financial assets at FVTOCI - non-current	357	3,243	1.1	3,243	
Bou Mou	<u>Stocks</u>							
	Mortech Corporation	—	Financial assets at FVITPL - current	381	4,732	1.0	4,732	
	Big Sun Energy Technology Inc.	—	Financial assets at FVITPL - non-current	887	-	0.4	-	
	Ding Mou Corporation	—	Financial assets at FVITPL - non-current	100	-	0.4	-	
	TIEF FUND, L.P.	—	Financial assets at FVTOCI - non-current	-	26,632	4.8	26,632	

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

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

ITEQ Corporation and Subsidiaries

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

For the Nine Months Ended September 30, 2021

TABLE 4

Unit: NTD thousand

Buyer/Seller	Related Party	Relationship	Transaction Details				Abnormal Transaction		Note/Accounts Receivable (Payable)		Remarks
			Purchase/Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Balance	% to Total Notes/Accounts Payable or Receivable	
The Company	ITEQ (WX)	Investee in which the Company holds 100% of its shares indirectly	Sales	(\$ 326,231)	(11)	—	\$ -	—	\$ 14,922	1%	
ITEQ (WX)	The Company	Investee in which the Company holds 100% of its shares indirectly	Purchases	326,231	3	—	-	—	(14,922)	-	
The Company	ITEQ (DG)	Investee in which the Company holds 100% of its shares indirectly	Sales	(495,522)	(16)	—	-	—	139,079	10%	
ITEQ (DG)	The Company	Investee in which the Company holds 100% of its shares indirectly	Purchases	495,522	6	—	-	—	(139,079)	(3%)	
The Company	ITEQ (JX)	Investee in which the Company holds 100% of its shares indirectly	Sales	(436,881)	(14)	—	-	—	584,659	43%	
ITEQ (JX)	The Company	Investee in which the Company holds 100% of its shares indirectly	Purchases	436,881	9	—	-	—	(584,659)	(19%)	
The Company	ITEQ (HJ)	Investee in which the Company holds 100% of its shares indirectly	Sales	(216,150)	(7)	—	-	—	383	-	
ITEQ (HJ)	The Company	Investee in which the Company holds 100% of its shares indirectly	Purchases	216,150	59	—	-	—	(383)	(1%)	
ITEQ (WX)	The Company	Investee in which the Company holds 100% of its shares indirectly	Sales	(812,870)	(7)	—	-	—	555,691	1%	Notes 1 and 2
The Company	ITEQ (WX)	Investee in which the Company holds 100% of its shares indirectly	Purchases	812,870	46	—	-	—	(555,691)	(46%)	
ITEQ (JX)	The Company	Investee in which the Company holds 100% of its shares indirectly	Sales	(258,226)	(4)	—	-	—	156,923	5%	
The Company	ITEQ (JX)	Investee in which the Company holds 100% of its shares indirectly	Purchases	258,226	8	—	-	—	(156,923)	(13%)	
ITEQ (WX)	ITEQ (DG)	Same parent company	Sales	(222,378)	(2)	—	-	—	152,853	2%	
ITEQ (DG)	ITEQ (WX)	Same parent company	Purchases	222,378	3	—	-	—	(152,853)	(4%)	
ITEQ (WX)	ITEQ (JX)	Same parent company	Sales	(124,950)	(1)	—	-	—	108,775	2%	
ITEQ (JX)	ITEQ (WX)	Same parent company	Purchases	124,950	2	—	-	—	(108,775)	(3%)	
ITEQ (WX)	IIL	Same parent company	Sales	(538,680)	(5)	—	-	—	574,677	8%	
IIL	ITEQ (WX)	Same parent company	Purchases	538,680	55	—	-	—	(574,677)	(75%)	
ITEQ (DG)	ITEQ (WX)	Same parent company	Sales	(119,857)	(1)	—	-	—	68,227	1%	
ITEQ (WX)	ITEQ (DG)	Same parent company	Purchases	119,857	1	—	-	—	(68,227)	(1%)	
ITEQ (DG)	ITEQ (GZ)	Same parent company	Sales	(1,506,252)	(16)	—	-	—	614,496	12%	
ITEQ (GZ)	ITEQ (DG)	Same parent company	Purchases	1,506,252	34	—	-	—	(614,496)	(36%)	
ITEQ (GZ)	ITEQ (DG)	Same parent company	Sales	(1,013,409)	(20)	—	-	—	417,364	14%	

(To be Continued)

(Continued)

Buyer/Seller	Related Party	Relationship	Transaction Details				Abnormal Transaction		Note/Accounts Receivable (Payable)		Remarks
			Purchase/Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Balance	% to Total Notes/Accounts Payable or Receivable	
ITEQ (DG)	ITEQ (GZ)	Same parent company	Purchases	\$ 1,013,409	12	—	\$ -	—	(\$ 417,364)	(10%)	
ITEQ (JX)	ITEQ (WX)	Same parent company	Sales	(1,678,426)	(28)	—	-	—	883,379	26%	
ITEQ (WX)	ITEQ (JX)	Same parent company	Purchases	1,678,426	17	—	-	—	(883,379)	(19%)	
ITEQ (JX)	ITEQ (DG)	Same parent company	Sales	(3,558,012)	(59)	—	-	—	2,003,154	59%	
ITEQ (DG)	ITEQ (JX)	Same parent company	Purchases	3,558,012	42	—	-	—	(2,003,154)	(46%)	
ITEQ (JX)	ITEQ (GZ)	Same parent company	Sales	(126,255)	(2)	—	-	—	71,078	2%	
ITEQ (GZ)	ITEQ (JX)	Same parent company	Purchases	126,255	3	—	-	—	(71,078)	(4%)	
ITEQ (JX)	ITEQ (HJ)	Same parent company	Sales	(110,491)	(2)	—	-	—	6,764	-	
ITEQ (HJ)	ITEQ (JX)	Same parent company	Purchases	110,491	30	—	-	—	(6,764)	(17%)	
IPL	ITEQ (GZ)	Same parent company	Sales	(437,693)	(38)	—	-	—	251,673	17%	
ITEQ (GZ)	IPL	Same parent company	Purchases	437,693	10	—	-	—	(251,673)	(15%)	
IPL	ITEQ (DG)	Same parent company	Sales	(416,810)	(36)	—	-	—	277,059	19%	
ITEQ (DG)	IPL	Same parent company	Purchases	416,810	5	—	-	—	(277,059)	(6%)	
IPL	ITEQ (JX)	Same parent company	Sales	(247,881)	(21)	—	-	—	904,253	62%	
ITEQ (JX)	IPL	Same parent company	Purchases	247,881	5	—	-	—	(904,253)	(29%)	
IIL	ITEQ (WX)	Same parent company	Sales	(437,515)	(45)	—	-	—	645,282	68%	
ITEQ (WX)	IIL	Same parent company	Purchases	437,515	5	—	-	—	(645,282)	(14%)	

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

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

Note 3: Was eliminated in the consolidated financial statements.

ITEQ Corporation and Subsidiaries

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

September 30, 2021

TABLE 5

Unit: NTD thousand

Company Name	Related Party	Relationship	Receivables from related party	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment
					Amount	Actions Taken		
The Company	ITEQ (DG)	Investee in which the Company holds 100% of its shares indirectly	\$ 139,079	—	\$ -	—	\$ 118,378	\$ -
The Company	ITEQ (JX)	Investee in which the Company holds 100% of its shares indirectly	584,659	—	-	—	-	-
ITEQ (GZ)	ITEQ (DG)	Same parent company	417,364	—	-	—	128,829	-
ITEQ (DG)	ITEQ (GZ)	Same parent company	614,496	—	-	—	129,005	-
ITEQ (WX)	The Company	Same parent company	270,039	—	-	—	195,643	-
ITEQ (WX)	ITEQ (DG)	Same parent company	152,853	—	-	—	35,449	-
ITEQ (WX)	ITEQ (JX)	Same parent company	108,775	—	-	—	18,149	-
ITEQ (WX)	IIL	Same parent company	574,677	—	-	—	32,728	-
ITEQ (JX)	ITEQ (WX)	Same parent company	883,379	—	-	—	228,885	-
ITEQ (JX)	ITEQ (DG)	Same parent company	2,003,154	—	-	—	315,387	-
IPL	ITEQ (GZ)	Same parent company	251,673	—	-	—	41,003	-
IPL	ITEQ (DG)	Same parent company	277,059	—	-	—	39,886	-
IPL	ITEQ (JX)	Same parent company	904,253	—	-	—	49,801	-
IIL	The Company	Same parent company	285,787	—	-	—	-	-
IIL	ITEQ (WX)	Same parent company	645,282	—	-	—	50,652	-

Note: Eliminated in the consolidated financial statements.

ITEQ Corporation and Subsidiaries
INFORMATION ON INVESTEEES
For the Nine Months Ended September 30, 2021

TABLE 6

Unit: NTD thousands, unless stated otherwise

Investor	Investor Company	Location	Main Businesses and Products	Original Investment Amount		As of September 30, 2021			Net Income (Loss) of the Investee	Share of Profits	Remarks (Note 2)
				End of this period	End of last period	Ordinary Shares (Thousands)	Percentage (%)	Carrying amount			
The Company	ITEQ International	Samoa	Investment	\$US\$61,719 thousand	\$US\$61,719 thousand	18,500	100%	\$ 17,061,828	\$ 3,025,482	\$ 3,028,629	Note 1
	Bou Mou	Hsinchu City	Investment	70,000	70,000	7,000	100%	90,685	(1,510)	(1,510)	
ITEQ International	ITEQ Holding	British Cayman Islands	Investment	US\$61,719 thousand	US\$61,719 thousand	18,500	100%	US\$607,784 thousand	US\$107,909 thousand	US\$107,909 thousand	
ITEQ Holding	ESIC	The British Virgin Islands	Mainland China Re-investment	US\$13,000 thousand	US\$13,000 thousand	10,750	100%	US\$228,392 thousand	US\$40,054 thousand	US\$40,054 thousand	
	IPL	Samoa	Import/Export	US\$1,000 thousand	US\$1,000 thousand	1,000	100%	US\$642 thousand	US\$548 thousand	US\$548 thousand	
	IIL	Samoa	Import/Export	US\$1,000 thousand	US\$1,000 thousand	1,000	100%	US\$3,273 thousand	(US\$698 thousand)	(US\$698 thousand)	
	Eagle Great	The British Virgin Islands	Mainland China Re-investment	US\$8,499 thousand	US\$8,499 thousand	8,499	100%	US\$18,606 thousand	US\$2,125 thousand	US\$2,125 thousand	
	ITEQ (HK)	Hong Kong	Mainland China Re-investment	US\$24,200 thousand	US\$24,200 thousand	24,200	100%	US\$329,550 thousand	US\$65,881 thousand	US\$65,881 thousand	

Note 1: The difference is NT\$3,147 thousand of dividend income tax of the mainland subsidiary recognized by the Company under the equity method.

Note 2: Information on investees in mainland China is detailed in Table 7.

ITEQ CORPORATION
Information on investments in Mainland China
For the Nine Months Ended September 30, 2021

TABLE 7

Unit: NTD thousands, unless stated otherwise

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investments	Accumulated Outward Remittance for Investment from Taiwan as of July 1, 2021	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2021	Net Income (Loss) of the Investee (Note 2)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of September 30, 2021	Accumulated Repatriation of Investment Income as of March 31, 2020
					Outward	Inward						
ITEQ (DG)	Produces and sells prepreg and copper-clad lamination	US\$20,000 thousand	Note 1 and 4	US\$13,000 thousand	\$ -	\$ -	US\$13,000 thousand	US\$28,814 thousand	100%	US\$28,814 thousand	US\$171,803 thousand	\$ -
ITEQ (WX)	Produces and sells pre-preg and copper-clad lamination	US\$41,000 thousand	Note 1 and 4	US\$22,100 thousand	-	-	US\$22,100 thousand	US\$52,581 thousand	100%	US\$52,581 thousand	US\$270,021 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\$2,128 thousand	100%	US\$2,128 thousand	US\$18,067 thousand	-
ITEQ (GZ)	Produces and sells prepreg and copper-clad lamination	US\$23,700 thousand	Note 1	US\$16,200 thousand	-	-	US\$16,200 thousand	US\$13,385 thousand	100%	US\$13,385 thousand	US\$86,051 thousand	US\$26,610 thousand
ITEQ (JX)	Produces and sells prepreg and copper-clad lamination	US\$100,800 thousand	Note 1 and 4	-	-	-	-	US\$22,462 thousand	100%	US\$22,462 thousand	US\$195,147 thousand	-

Accumulated Outward Remittance for Investment in Mainland China as of September 30, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
US\$59,586 thousand	US\$80,400 thousand	\$12,212,677 (Note 3)

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

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

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

Note 4: ITEQ (JX) is invested by ESIC, ITEQ (DG), ITEQ (WX). Other companies are invested by The Company by incorporating an overseas company.

Note 5: Was eliminated in the consolidated financial statements.

ITEQ Corporation and Subsidiaries
INTERCOMPANY RELATIONSHIP AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
For the Nine Months Ended September 30, 2021

TABLE 8

Unit: NTD thousand

No.	Transaction Company	Counterparty	Flow of Transactions (Note 2)	Description of Transactions (Note 3 and 5)			
				Account	Amount	Transaction Terms	Ratio of Consolidated Revenue/Assets
0	The Company	ITEQ (WX)	1	Sale	\$ 326,231	Note 4	1.33%
0	The Company	ITEQ (DG)	1	Sale	495,522	Note 4	2.02%
0	The Company	ITEQ (JX)	1	Sale	652,631	Note 4	2.66%
0	The Company	ITEQ International	1	Other receivables	306,350	Note 4	0.85%
1	IPL	ITEQ (DG)	3	Sale	416,810	Note 4	1.70%
1	IPL	ITEQ (GZ)	3	Sale	437,693	Note 4	1.79%
1	IPL	ITEQ (JX)	3	Sale	247,881	Note 4	1.70%
1	IPL	ITEQ (DG)	3	Accounts receivable	277,059	Note 4	0.77%
1	IPL	ITEQ (GZ)	3	Accounts receivable	251,673	Note 4	0.70%
1	IPL	ITEQ (JX)	3	Accounts receivable	904,253	Note 4	2.51%
2	IIL	ITEQ (WX)	3	Sale	437,515	Note 4	1.79%
2	IIL	ITEQ (WX)	3	Accounts receivable	645,282	Note 4	1.79%
2	IIL	The Company	2	Accounts receivable	285,787	Note 4	0.79%
3	ITEQ (DG)	ITEQ (GZ)	3	Sale	1,506,252	Note 4	6.15%
3	ITEQ (DG)	IPL	3	Accounts receivable	904,253	Note 4	2.51%
3	ITEQ (DG)	ITEQ (GZ)	3	Accounts receivable	614,496	Note 4	1.71%
3	ITEQ (DG)	ITEQ (JX)	3	Other receivables	859,791	Note 4	2.39%
4	ITEQ (WX)	ITEQ (DG)	3	Sale	222,378	Note 4	0.91%
4	ITEQ (WX)	IIL	3	Sale	538,680	Note 4	2.20%
4	ITEQ (WX)	The Company	2	Sale	812,870	Note 4	3.32%
4	ITEQ (WX)	The Company	2	Accounts receivable	270,039	Note 4	0.75%
4	ITEQ (WX)	IIL	3	Accounts receivable	574,677	Note 4	1.59%
4	ITEQ (WX)	ITEQ (JX)	3	Other receivables	1,861,300	Note 4	5.17%
5	ITEQ (GZ)	ITEQ (DG)	3	Sale	1,013,409	Note 4	4.14%
5	ITEQ (GZ)	ITEQ (DG)	3	Accounts receivable	417,364	Note 4	1.16%
6	ITEQ Holding	ITEQ (HK)	3	Other receivables	759,773	Note 4	2.11%
7	ITEQ (JX)	The Company	2	Sale	258,226	Note 4	1.05%
7	ITEQ (JX)	ITEQ (WX)	3	Sale	1,678,426	Note 4	6.85%
7	ITEQ (JX)	ITEQ (DG)	3	Sale	3,558,012	Note 4	14.53%
7	ITEQ (JX)	ITEQ (WX)	3	Accounts receivable	883,379	Note 4	2.45%
7	ITEQ (JX)	ITEQ (DG)	3	Accounts receivable	2,003,154	Note 4	5.56%
7	ITEQ (JX)	ESIC	3	Other receivables	1,114,000	Note 4	3.09%
7	ITEQ (JX)	ITEQ (WX)	3	Other receivables	557,000	Note 4	1.54%

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

1. 0 - ITEQ (parent company).
2. 1 to 7 - subsidiaries.

Note 2: The transaction flows were as follows:

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

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

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

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

ITEQ CORPORATION
Information on major shareholders
September 30, 2021

TABLE 9

Name of major shareholder	Shares	
	No. of ordinary Shares shares held	Ratio of shareholdings
WIN Semiconductors Corp.	65,408,733	17.07%
Fu Cun Construction Co.	33,508,897	8.75%
Tian He Xing Ye Corp.	28,019,591	7.31%
The special account of the second 2018 new labor pension fund discretionary investment by Capital Securities	22,741,904	5.93%
TenTang Industrial Co.	19,334,507	5.04%

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

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