

**Powertech Technology Inc. and
Subsidiaries**

**Consolidated Financial Statements for the
Six Months Ended June 30, 2021 and 2020 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Powertech Technology Inc.

Introduction

We have reviewed the accompanying consolidated balance sheets of Powertech Technology Inc. and its subsidiaries (the "Corporation") as of June 30, 2021 and 2020, the related consolidated statements of comprehensive income for the three months ended June 30, 2021 and 2020 and for the six months ended June 30, 2021 and 2020, the consolidated statements of changes in equity and cash flows for the six months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the consolidated financial statements). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers 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 Statement of Auditing Standards No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As stated in Note 12 to the consolidated financial statements, the financial statements of some non-significant subsidiaries included in the consolidated financial statements referred to in the first paragraph were not reviewed, as of and for the six months ended June 30, 2021 and 2020, which represented total assets of 4.78% \$5,341,010 thousand and 7.23% \$8,090,728 thousand of the consolidated assets, respectively; and total liabilities of 3.93% \$2,105,636 thousand and 7.50% \$4,308,404 thousand of the consolidated liabilities, respectively. These statements also reflected these subsidiaries' comprehensive income of (0.70)% \$(19,938) thousand, (22.44)% \$(444,993) thousand, 5.72% \$277,518 thousand and (11.57)% \$(459,509) thousand of the consolidated comprehensive income for the three months ended June 30, 2021 and 2020 and six months ended June 30, 2021 and 2020, respectively. These investment amounts, as well as related information disclosed in Note 31 to the consolidated financial statements, were based on unreviewed financial statements of the investees for the same reporting periods as those of the Corporation and subsidiaries.

Qualified Conclusion

Based on our reviews, except for the consolidated financial statements of subsidiaries and investees as well as related information disclosed referred to in preceding paragraph, were based on unreviewed financial statements of the investees for the same reporting periods as those of the Corporation and subsidiaries, if those consolidated financial statements had been reviewed and any adjustments were determined to be necessary, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not give a true and fair view of the financial position of the Corporation as of June 30, 2021 and 2020, its consolidated financial performance for the three months ended June 30, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the six months ended June 30, 2021 and 2020 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ review report are Yu-Feng Huang and Cheng-Chih Lin.

Deloitte & Touche
Taipei, Taiwan
Republic of China

August 6, 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 review 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.

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

ASSETS	June 30, 2021 (Reviewed)		December 31, 2020 (Audited)		June 30, 2020 (Reviewed)		LIABILITIES AND EQUITY	June 30, 2021 (Reviewed)		December 31, 2020 (Audited)		June 30, 2020 (Reviewed)	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
CURRENT ASSETS							CURRENT LIABILITIES						
Cash and cash equivalents (Note 6)	\$ 22,924,387	21	\$ 21,019,812	19	\$ 20,829,152	19	Short-term bank loans (Note 17)	\$ 75,630	-	\$ 196,982	-	\$ 2,020,887	2
Financial assets at fair value through profit or loss - current (Note 7)	92,386	-	169,467	-	138,900	-	Financial liabilities at fair value through profit or loss - current (Note 7)	15,873	-	5,435	-	3,611	-
Financial assets at amortized cost - current (Notes 9 and 28)	425,300	-	463,275	1	649,551	1	Contract liabilities - current (Note 21)	208,279	-	56,676	-	44,035	-
Contract assets - current (Notes 21 and 27)	2,279,683	2	2,211,796	2	2,062,153	2	Notes and accounts payable	5,699,618	5	5,037,670	5	6,313,280	6
Notes and accounts receivable (Notes 10 and 21)	10,566,900	10	8,482,217	8	9,894,583	9	Accounts payable to related parties (Note 27)	192,425	-	134,111	-	157,148	-
Receivables from related parties (Notes 21 and 27)	5,855,207	5	6,284,453	6	5,541,687	5	Bonus to employees and remuneration to directors (Note 22)	1,705,961	2	1,002,684	1	1,231,778	1
Other receivables	384,175	-	362,733	-	366,628	-	Payables to equipment suppliers	2,555,087	2	1,651,834	1	3,333,052	3
Other receivables from related parties (Note 27)	11,156	-	48,854	-	41,779	-	Dividends payable (Note 20)	4,902,556	5	-	-	4,253,158	4
Inventories (Note 11)	5,430,821	5	4,974,736	5	5,564,926	5	Other payables - related parties (Note 27)	836	-	-	-	1,865	-
Prepaid expenses	205,154	-	151,852	-	198,012	-	Current income tax liabilities (Notes 4 and 23)	1,118,202	1	1,304,992	1	1,062,601	1
Other current assets (Note 16)	423,004	-	421,398	-	579,349	-	Lease liabilities - current (Note 14)	68,867	-	106,102	-	171,098	-
Total current assets	48,598,173	43	44,590,593	41	45,866,720	41	Accrued expenses and other current liabilities (Note 18)	6,482,155	6	6,346,355	6	7,115,813	6
							Current portion of long-term debts (Notes 17 and 28)	139,916	-	1,022,165	1	827,191	1
NON-CURRENT ASSETS							Total current liabilities	23,165,405	21	16,865,006	15	26,535,517	24
Financial assets at fair value through other comprehensive income - non-current (Note 8)	35,336	-	35,288	-	14,943	-	NON-CURRENT LIABILITIES						
Financial assets at amortized cost - noncurrent (Notes 9 and 28)	516,185	1	893,025	1	1,033,655	1	Long-term debt (Notes 17 and 28)	28,502,175	26	31,351,658	29	28,613,873	26
Property, plant and equipment (Notes 13 and 28)	59,866,051	54	60,111,194	55	61,701,910	55	Deferred income tax liabilities (Notes 4 and 23)	112,473	-	131,491	-	122,596	-
Right-of-use assets (Note 14)	1,524,296	1	1,710,792	2	1,806,653	2	Lease liabilities - non-current (Note 14)	1,398,876	1	1,430,937	1	1,470,274	1
Intangible assets (Note 15)	985,608	1	1,002,475	1	998,332	1	Net defined benefit liability - noncurrent (Notes 4 and 19)	390,094	-	401,784	1	379,501	-
Deferred income tax assets (Notes 4 and 23)	156,545	-	305,185	-	340,720	-	Other noncurrent liabilities (Note 18)	26,885	-	160,725	-	329,576	-
Other noncurrent assets (Note 16)	98,477	-	97,688	-	117,810	-	Total non-current liabilities	30,430,503	27	33,476,595	31	30,915,820	27
Total non-current assets	63,182,498	57	64,155,647	59	66,014,023	59	Total liabilities	53,595,908	48	50,341,601	46	57,451,337	51
							EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT (Note 20)						
							Capital stock						
							Common stock	7,791,466	7	7,791,466	7	7,791,466	7
							Capital surplus	231,294	-	231,294	-	209,852	-
							Retained earnings						
							Legal reserve	8,290,517	8	7,628,495	7	7,628,495	7
							Special reserve	366,982	-	324,741	-	324,741	-
							Unappropriated earnings	29,939,734	27	30,608,443	28	27,367,442	24
							Total retained earnings	38,597,233	35	38,561,679	35	35,320,678	31
							Other equity	(613,691)	(1)	(366,982)	-	(413,216)	-
							Treasury stock	(303,038)	-	(229,334)	-	(175,979)	-
							Total equity attributable to shareholders of the Parent	45,703,264	41	45,988,123	42	42,732,801	38
							NON-CONTROLLING INTERESTS (Notes 12 and 20)	12,481,499	11	12,416,516	12	11,696,605	11
							Total equity	58,184,763	52	58,404,639	54	54,429,406	49
TOTAL	\$ 111,780,671	100	\$ 108,746,240	100	\$ 111,880,743	100	TOTAL	\$ 111,780,671	100	\$ 108,746,240	100	\$ 111,880,743	100

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

(With Deloitte & Touche review report dated August 6, 2021)

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

(Reviewed, Not Audited)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2021		2020		2021		2020	
	Amount	%	Amount	%	Amount	%	Amount	%
NET SALES (Notes 21 and 27)	\$20,620,854	100	\$19,410,124	100	\$39,050,087	100	\$38,221,804	100
OPERATING COSTS (Notes 11, 22 and 27)	<u>15,791,006</u>	<u>77</u>	<u>15,640,103</u>	<u>81</u>	<u>30,329,260</u>	<u>78</u>	<u>30,726,662</u>	<u>80</u>
GROSS PROFIT	<u>4,829,848</u>	<u>23</u>	<u>3,770,021</u>	<u>19</u>	<u>8,720,827</u>	<u>22</u>	<u>7,495,142</u>	<u>20</u>
OPERATING EXPENSES (Note 22)								
Marketing	89,713	-	94,059	-	181,566	-	182,550	1
General and administrative	434,504	2	400,665	2	886,487	2	837,602	2
Research and development	602,271	3	552,571	3	1,192,117	3	1,143,204	3
Expected credit loss (gain) (Note 10)	<u>9,000</u>	<u>-</u>	<u>10,722</u>	<u>-</u>	<u>(51,037)</u>	<u>-</u>	<u>10,722</u>	<u>-</u>
Total operating expenses	<u>1,135,488</u>	<u>5</u>	<u>1,058,017</u>	<u>5</u>	<u>2,209,133</u>	<u>5</u>	<u>2,174,078</u>	<u>6</u>
OPERATING INCOME	<u>3,694,360</u>	<u>18</u>	<u>2,712,004</u>	<u>14</u>	<u>6,511,694</u>	<u>17</u>	<u>5,321,064</u>	<u>14</u>
NONOPERATING INCOME AND EXPENSES								
Interest income (Note 22)	14,122	-	21,226	-	23,881	-	43,696	-
Other gains and losses (Notes 22 and 27)	305,217	1	147,865	1	321,378	1	7,802	-
Other income (Note 22)	22,945	-	23,248	-	46,666	-	47,335	-
Financial costs (Note 22)	(56,842)	-	(69,399)	-	(117,629)	-	(146,803)	(1)
Foreign exchange losses, net (Notes 22 and 30)	<u>(245,910)</u>	<u>(1)</u>	<u>(146,531)</u>	<u>(1)</u>	<u>(254,349)</u>	<u>(1)</u>	<u>(55,346)</u>	<u>-</u>
Total nonoperating income and expenses	<u>39,532</u>	<u>-</u>	<u>(23,591)</u>	<u>-</u>	<u>19,947</u>	<u>-</u>	<u>(103,316)</u>	<u>(1)</u>
INCOME BEFORE INCOME TAX	3,733,892	18	2,688,413	14	6,531,641	17	5,217,748	13
INCOME TAX EXPENSE (Notes 4 and 23)	<u>823,445</u>	<u>4</u>	<u>566,021</u>	<u>3</u>	<u>1,345,899</u>	<u>4</u>	<u>1,134,696</u>	<u>3</u>
NET INCOME	<u>2,910,447</u>	<u>14</u>	<u>2,122,392</u>	<u>11</u>	<u>5,185,742</u>	<u>13</u>	<u>4,083,052</u>	<u>10</u>

(Continued)

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

(Reviewed, Not Audited)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2021		2020		2021		2020	
	Amount	%	Amount	%	Amount	%	Amount	%
OTHER								
COMPREHENSIVE INCOME (Note 20)								
Items that will not be reclassified subsequently to profit or loss								
Unrealized gain (losses) on investments in equity instruments designated as at fair value through other comprehensive income	\$ 93	-	\$ (10,316)	-	\$ 48	-	\$ (11,150)	-
Items that may be reclassified subsequently to profit or loss								
Exchange differences on translating foreign operations	<u>(81,390)</u>	<u>-</u>	<u>(128,865)</u>	<u>(1)</u>	<u>(331,345)</u>	<u>(1)</u>	<u>(102,002)</u>	<u>-</u>
Total other comprehensive loss	<u>(81,297)</u>	<u>-</u>	<u>(139,181)</u>	<u>(1)</u>	<u>(331,297)</u>	<u>(1)</u>	<u>(113,152)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 2,829,150</u>	<u>14</u>	<u>\$ 1,983,211</u>	<u>10</u>	<u>\$ 4,854,445</u>	<u>12</u>	<u>\$ 3,969,900</u>	<u>10</u>
NET INCOME ATTRIBUTABLE TO Shareholders of the								
Parent	\$ 2,222,981	11	\$ 1,746,285	9	\$ 3,931,287	10	\$ 3,379,220	9
Non-controlling interests	<u>687,466</u>	<u>3</u>	<u>376,107</u>	<u>2</u>	<u>1,254,455</u>	<u>3</u>	<u>703,832</u>	<u>2</u>
	<u>\$ 2,910,447</u>	<u>14</u>	<u>\$ 2,122,392</u>	<u>11</u>	<u>\$ 5,185,742</u>	<u>13</u>	<u>\$ 4,083,052</u>	<u>11</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO Shareholders of the								
Parent	\$ 2,121,431	10	\$ 1,643,407	8	\$ 3,684,578	9	\$ 3,290,745	8
Non-controlling interests	<u>707,719</u>	<u>4</u>	<u>339,804</u>	<u>2</u>	<u>1,169,867</u>	<u>3</u>	<u>679,155</u>	<u>2</u>
	<u>\$ 2,829,150</u>	<u>14</u>	<u>\$ 1,983,211</u>	<u>10</u>	<u>\$ 4,854,445</u>	<u>12</u>	<u>\$ 3,969,900</u>	<u>10</u>
EARNINGS PER SHARE (Note 24)								
Basic	<u>\$ 2.88</u>		<u>\$ 2.26</u>		<u>\$ 5.09</u>		<u>\$ 4.36</u>	
Diluted	<u>\$ 2.88</u>		<u>\$ 2.25</u>		<u>\$ 5.06</u>		<u>\$ 4.34</u>	

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

(With Deloitte & Touche review report dated August 6, 2021)

(Concluded)

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	Equity Attributable to Shareholders of the Parent											Non-controlling Interests	Total Equity
	Capital Stock		Capital Surplus	Retained Earnings			Other Equity		Treasury Share	Total			
	Number of Shares (In Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income					
BALANCE, JANUARY 1, 2020	779,147	\$ 7,791,466	\$ 209,852	\$ 7,045,884	\$ 195,070	\$ 28,206,664	\$ (299,686)	\$ (25,055)	\$ (96,467)	\$ 43,027,728	\$ 11,870,235	\$ 54,897,963	
Appropriation of 2019 earnings													
Legal reserve	-	-	-	582,611	-	(582,611)	-	-	-	-	-	-	
Special reserve	-	-	-	-	129,671	(129,671)	-	-	-	-	-	-	
Cash dividends distributed by the Parent	-	-	-	-	-	(3,506,160)	-	-	-	(3,506,160)	-	(3,506,160)	
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	(746,998)	(746,998)	
Net income for the six months ended June 30, 2020	-	-	-	-	-	3,379,220	-	-	-	3,379,220	703,832	4,083,052	
Other comprehensive income for the six months ended June 30, 2020	-	-	-	-	-	-	(77,325)	(11,150)	-	(88,475)	(24,677)	(113,152)	
Total comprehensive income for the six months ended June 30, 2020	-	-	-	-	-	3,379,220	(77,325)	(11,150)	-	3,290,745	679,155	3,969,900	
The Parent's share held by its subsidiary treated as treasury share	-	-	-	-	-	-	-	-	(79,512)	(79,512)	(105,787)	(185,299)	
BALANCE, JUNE 30, 2020	<u>779,147</u>	<u>\$ 7,791,466</u>	<u>\$ 209,852</u>	<u>\$ 7,628,495</u>	<u>\$ 324,741</u>	<u>\$ 27,367,442</u>	<u>\$ (377,011)</u>	<u>\$ (36,205)</u>	<u>\$ (175,979)</u>	<u>\$ 42,732,801</u>	<u>\$ 11,696,605</u>	<u>\$ 54,429,406</u>	
BALANCE, JANUARY 1, 2021	779,147	\$ 7,791,466	\$ 231,294	\$ 7,628,495	\$ 324,741	\$ 30,608,443	\$ (352,472)	\$ (14,510)	\$ (229,334)	\$ 45,988,123	\$ 12,416,516	\$ 58,404,639	
Appropriation of 2020 earnings													
Legal reserve	-	-	-	662,022	-	(662,022)	-	-	-	-	-	-	
Special reserve	-	-	-	-	42,241	(42,241)	-	-	-	-	-	-	
Cash dividends distributed by the Parent	-	-	-	-	-	(3,895,733)	-	-	-	(3,895,733)	-	(3,895,733)	
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	(1,006,823)	(1,006,823)	
Net income for the six months ended June 30, 2021	-	-	-	-	-	3,931,287	-	-	-	3,931,287	1,254,455	5,185,742	
Other comprehensive income for the six months ended June 30, 2021	-	-	-	-	-	-	(246,757)	48	-	(246,709)	(84,588)	(331,297)	
Total comprehensive income for the six months ended June 30, 2021	-	-	-	-	-	3,931,287	(246,757)	48	-	3,684,578	1,169,867	4,854,445	
The Parent's share held by its subsidiary treated as treasury share	-	-	-	-	-	-	-	-	(73,704)	(73,704)	(98,061)	(171,765)	
BALANCE, JUNE 30, 2021	<u>779,147</u>	<u>\$ 7,791,466</u>	<u>\$ 231,294</u>	<u>\$ 8,290,517</u>	<u>\$ 366,982</u>	<u>\$ 29,939,734</u>	<u>\$ (599,229)</u>	<u>\$ (14,462)</u>	<u>\$ (303,038)</u>	<u>\$ 45,703,264</u>	<u>\$ 12,481,499</u>	<u>\$ 58,184,763</u>	

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

(With Deloitte & Touche review report dated August 6, 2021)

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Six Months Ended	
	June 30	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Current income before income tax	\$ 6,531,641	\$ 5,217,748
Adjustments for:		
Depreciation	6,822,447	6,587,267
Amortization	20,062	68,033
Expected credit (gain) loss recognized on accounts receivable	(51,037)	10,722
Net gain on fair value change of financial assets designated as at fair value through profit or loss	(11,542)	(18,404)
Financial costs	117,629	146,803
Premium amortization of financial assets at amortized cost	-	389
Interest revenue	(23,881)	(43,696)
Net gain on disposal of property, plant and equipment	(331,847)	(131,074)
Property, plant and equipment transfer to expenses	8,442	1,346
Loss of foreign currency exchange, net	124,148	133,106
Changes in operating assets and liabilities:		
Decrease (increase) in financial assets mandatorily classified as at fair value through profit or loss	88,623	(49,289)
(Increase) decrease in contract assets	(67,887)	108,303
Increase in notes and accounts receivable	(2,022,720)	(437,322)
Decrease (increase) in accounts receivable from related parties	401,087	(1,336,303)
Increase in other receivables	(29,284)	(62,198)
Decrease (increase) in other receivables from related parties	37,726	(44,058)
Increase in inventories	(456,085)	(1,685,901)
(Increase) decrease in prepayments	(53,308)	29,070
Increase in other current assets	(1,606)	(24,559)
Increase (decrease) in financial liabilities held for trading	10,438	(342)
Increase (decrease) in contract liabilities	151,603	(18,423)
Increase in notes and accounts payable	674,701	569,508
Increase in accounts payable to related parties	58,078	37,822
Increase in bonus to employees and remuneration of directors	703,277	439,657
Increase (decrease) in other payables to related parties	836	(15,582)
Increase in accrued expenses and other current liabilities	141,117	109,773
Decrease in net defined benefit liabilities	(11,690)	(16,284)
Decrease in other payables	(133,839)	(1,567)
Cash generated from operations	12,697,129	9,574,545
Interest received	24,021	45,707
Interest paid	(154,747)	(190,140)
Income tax paid	(1,403,067)	(798,683)
Net cash generated from operating activities	<u>11,163,336</u>	<u>8,631,429</u>

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POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Six Months Ended June 30	
	2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at amortized cost	\$ (26,171)	\$ (5,038)
Proceeds from sale of financial assets at amortized cost	412,299	365,284
Acquisition of property, plant and equipment	(6,346,304)	(10,379,960)
Disposal of property, plant and equipment	992,986	181,998
Increase in refundable deposits	(13,997)	(6,196)
Increase in intangible assets	(7,303)	(2,303)
Decrease in prepayments for equipment	<u>13,361</u>	<u>15,000</u>
Net cash used in investing activities	<u>(4,975,129)</u>	<u>(9,831,215)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease) increase in short-term bank loans	(121,352)	838,604
Increase in long-term debts	8,315,406	3,269,105
Decrease in long-term debts	(12,020,158)	(3,461,392)
Decrease in guarantee deposits	(1)	(5)
Repayment of the principal portion of lease liabilities	(67,081)	(116,279)
Cost for buy-back of treasury shares	<u>(171,765)</u>	<u>(185,299)</u>
Net cash (used in) generated from financing activities	<u>(4,064,951)</u>	<u>344,734</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES		
	<u>(218,681)</u>	<u>(115,844)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
	1,904,575	(970,896)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD		
	<u>21,019,812</u>	<u>21,800,048</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD		
	<u>\$ 22,924,387</u>	<u>\$ 20,829,152</u>

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

(With Deloitte & Touche review report dated August 6, 2021)

(Concluded)

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

1. GENERAL INFORMATION

Powertech Technology Inc. (PTI) was incorporated in the Republic of China (ROC) on May 15, 1997 and commenced business on September 3, 1997. PTI is mainly engaged in the manufacturing, packaging, testing, researching and developing, designing, assembling and sale of various integrated circuit products. PTI also provides semiconductor testing and assembly services on a turnkey basis, in which PTI buys fabricated wafers and sells tested and assembled semiconductors. PTI's registered office and principal place of business is in Hsin-chu Industrial Park, Hukou, Hsin-chu.

PTI's share was initially listed and started trading on the Taipei Exchange ("TPEX") since April 3, 2003, after which PTI's share was transferred for listing and started trading on the Taiwan Stock Exchange ("TWSE") since November 8, 2004. PTI also issued Global Depository Shares ("GDS"), which are listed on the Luxembourg Stock Exchange and trading on the Euro MTF Market. The GDS was accepted for quotation on the International Order Book of the London Stock Exchange.

The consolidated financial statements are presented in PTI's functional currency, the New Taiwan dollar. For greater comparability and consistency of financial reporting, the consolidated financial statements are presented in New Taiwan dollars since PTI's share is listed on the Taiwan Share Exchange.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were reported to the Board of Directors and issued on August 6, 2021.

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

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

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

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

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

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

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

Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

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

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

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 2)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 3)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 4)

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY

a. Statement of compliance

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

b. Basis of preparation

The consolidated financial statements have been prepared on the 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 an asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of PTI and the entities controlled by PTI (i.e. its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition up to the effective date of disposal, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by PTI.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of PTI and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Corporation’s ownership interests in subsidiaries that do not result in the Corporation losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interest of the Corporation and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Corporation.

See Notes 12 and 31k for the detailed information of subsidiaries (including the percentage of ownership and main business).

d. Other significant accounting policies

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

1) Retirement benefits

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

2) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The Corporation considers the recent development of the COVID-19 in Taiwan and its economic environment implications when making its critical accounting estimates in cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis.

The critical accounting judgments and key sources of estimation uncertainty followed in these consolidated financial statements refer to the consolidated financial statements for the year ended December 31, 2020.

6. CASH AND CASH EQUIVALENTS

	June 30, 2021	December 31, 2020	June 30, 2020
Checking accounts and demand deposits	\$ 22,923,834	\$ 21,019,281	\$ 20,321,959
Cash on hand	553	531	193
Cash equivalents			
Repurchase agreements collateralized by bonds	<u> -</u>	<u> -</u>	<u> 507,000</u>
	<u>\$ 22,924,387</u>	<u>\$ 21,019,812</u>	<u>\$ 20,829,152</u>

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

	June 30, 2021	December 31, 2020	June 30, 2020
Bank deposits	0%-2.025%	0%-2.30%	0%-2.30%
Repurchase agreements collateralized by bonds	-	-	0.38%-0.45%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	June 30, 2021	December 31, 2020	June 30, 2020
<u>Financial assets at FVTPL - current</u>			
Financial assets mandatorily classified as at FVTPL			
Derivative financial assets (not under hedge accounting)			
Foreign exchange forward contracts	\$ 16,736	\$ 43,567	\$ 31,900
Non-derivative financial assets			
Mutual funds	<u>75,650</u>	<u>125,900</u>	<u>107,000</u>
	<u>\$ 92,386</u>	<u>\$ 169,467</u>	<u>\$ 138,900</u>
<u>Financial liabilities at FVTPL - current</u>			
Financial liabilities held for trading			
Derivative financial liabilities (not under hedge accounting)			
Foreign exchange forward contracts	<u>\$ 15,873</u>	<u>\$ 5,435</u>	<u>\$ 3,611</u>

At the end of the reporting period, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

	Currency	Maturity Date	Contract Amounts (In Thousands)
<u>June 30, 2021</u>			
Sell forward exchange contracts	USD to NTD	2021.07.02-2021.10.04	USD 155,358
	USD to JPY	2021.07.02-2021.10.26	USD 15,965
	USD to CNY	2021.07.01-2021.09.27	USD 10,790
<u>December 31, 2020</u>			
Sell forward exchange contracts	USD to NTD	2021.01.04-2021.03.31	USD 149,637
	USD to JPY	2021.01.08-2021.04.19	USD 9,052
	USD to CNY	2021.01.14-2021.03.22	USD 7,417
<u>June 30, 2020</u>			
Sell forward exchange contracts	USD to NTD	2020.07.01-2020.09.30	USD 107,458
	USD to JPY	2020.07.01-2020.11.06	USD 22,492
	USD to CNY	2020.07.14	USD 424

The Corporation entered into foreign exchange forward contracts to manage exposures due to exchange rate fluctuations of foreign currency denominated assets and liabilities. However, those contracts did not meet the criteria of hedge effectiveness and therefore were not accounted for by using hedge accounting.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in equity instruments at FVTOCI

	June 30, 2021	December 31, 2020	June 30, 2020
<u>Non-current</u>			
Domestic investments			
Listed shares			
Ordinary shares - Solid State System Co., Ltd.	\$ 35,336	\$ 35,288	\$ 14,943

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

9. FINANCIAL ASSETS AT AMORTIZED COST

	June 30, 2021	December 31, 2020	June 30, 2020
<u>Current</u>			
Domestic investments			
Corporate bonds - P06 Taiwan Power Company 1A Bond	\$ 300,000	\$ -	\$ -
Corporate bonds - P06 FPC 1A Bond	50,000	50,000	50,000
Corporate bonds - P06 Taiwan Power Company 3A Bond	50,000	50,000	-
Corporate bonds - P07 Taiwan Power Company 1A Bond	-	200,000	200,000
Corporate bonds - P04 FENC 4 Bond	-	-	100,000
Time deposits with original maturities of more than 3 months	-	7,982	8,305
Pledged time deposits	25,300	26,200	26,031
Restricted deposit	-	129,093	265,215
	<u>\$ 425,300</u>	<u>\$ 463,275</u>	<u>\$ 649,551</u>
<u>Non-current</u>			
Domestic investments			
Corporate bonds - P08 Taiwan Power Company 3A Bond	\$ 100,001	\$ 100,001	\$ 100,001
Corporate bonds - P06 Taiwan Power Company 3A Bond	50,000	50,000	50,000
Corporate bonds - P06 Taiwan Power Company 1A Bond	-	300,000	300,001
Corporate bonds - P06 FPC 1A Bond	-	50,000	-
Time deposits with original maturities of more than 3 months	277,310	304,150	394,779
Pledged time deposits	88,874	88,874	88,874
	<u>\$ 516,185</u>	<u>\$ 893,025</u>	<u>\$ 1,033,655</u>

On November 16, 2015, the Corporation bought corporate bonds issued by Far Eastern New Century Corporation, which have an effective interest rate of 1.25%; a premium value of \$100,001 thousand (par value \$100,000 thousand); and maturity date on November 16, 2020.

On April 21, 2017, the Corporation bought corporate bonds issued by Taiwan Power Company with an effective interest rate of 1.13% at premium value \$300,002 thousand (par value \$300,000 thousand), and a maturity date of April 21, 2022.

On May 19, 2017, the Corporation bought corporate bonds issued by Formosa Plastics Corporation with an effective interest rate of 1.09% at par value \$100,000 thousand, and maturity dates of May 19, 2021 and 2022, at par value of \$50,000 thousand, respectively.

On December 15, 2017, the Corporation bought corporate bonds issued by Taiwan Power Company with an effective interest rate of 0.88% at par value \$100,000 thousand, and maturity dates of December 15, 2021 and 2022, at par value of \$50,000 thousand, respectively.

On May 14, 2018, the Corporation bought corporate bonds issued by Taiwan Power Company with an effective interest rate of 0.70% at premium value \$200,001 thousand (par value \$200,000 thousand), and a maturity date of May 14, 2021.

On September 12, 2019, the Corporation bought corporate bonds issued by Taiwan Power Company with an effective interest rate of 0.72% at par value \$100,000 thousand, and maturity dates of September 12, 2023 and 2024, at par value of \$50,000 thousand, respectively.

The ranges of interest rates for time deposits with original maturities of more than 6 months were approximately 0.001%-0.002%, 0.001%-0.46% and 0.001%-1.96% per annum as of June 30, 2021, December 31, 2020 and June 30, 2020, respectively.

Refer to Note 26 for information relating to the credit risk management and impairment of investments in financial assets at amortized cost.

Refer to Note 28 for information relating to investments in financial assets at amortized cost pledged as security.

10. NOTES AND ACCOUNTS RECEIVABLE, NET

	June 30, 2021	December 31, 2020	June 30, 2020
<u>Notes receivable</u>			
Notes receivable - operating	\$ 126,471	\$ 119,529	\$ 104,543
<u>Accounts receivable</u>			
At amortized cost			
Gross carrying amount	10,505,199	8,393,214	9,860,243
Less: Allowance for impairment loss	<u>(64,770)</u>	<u>(30,526)</u>	<u>(70,203)</u>
	<u>10,440,429</u>	<u>8,362,688</u>	<u>9,790,040</u>
	<u>\$ 10,566,900</u>	<u>\$ 8,482,217</u>	<u>\$ 9,894,583</u>

At amortized cost

The average credit period of sales of goods was 30 days to 150 days. No interest was charged on accounts receivable. In order to minimize credit risk, the management of the Corporation has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Corporation reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Corporation's credit risk was significantly reduced.

The Corporation applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all accounts receivable. The expected credit losses on accounts receivable are estimated using a provision matrix by reference to the past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate. As the Corporation'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 Corporation's different customer base.

The Corporation writes off an accounts receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For accounts receivable that have been written off, the Corporation continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

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

June 30, 2021

	Not Past Due	Less than 60 Days	61 to 90 Days	91 to 120 Days	Over 120 Days	Total
Gross carrying amount	\$10,482,804	\$ 16,547	\$ 5,062	\$ 421	\$ 365	\$10,505,199
Loss allowance (Lifetime ECLs)	<u>(53,429)</u>	<u>(5,851)</u>	<u>(5,062)</u>	<u>(421)</u>	<u>(7)</u>	<u>(64,770)</u>
Amortized cost	<u>\$10,429,375</u>	<u>\$ 10,696</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 358</u>	<u>\$10,440,429</u>

December 31, 2020

	Not Past Due	Less than 60 Days	61 to 90 Days	91 to 120 Days	Over 120 Days	Total
Gross carrying amount	\$ 8,333,131	\$ 47,206	\$ 7,167	\$ 4,657	\$ 1,053	\$ 8,393,214
Loss allowance (Lifetime ECLs)	<u>(8,462)</u>	<u>(14,602)</u>	<u>(4,499)</u>	<u>(2,941)</u>	<u>(22)</u>	<u>(30,526)</u>
Amortized cost	<u>\$ 8,324,669</u>	<u>\$ 32,604</u>	<u>\$ 2,668</u>	<u>\$ 1,716</u>	<u>\$ 1,031</u>	<u>\$ 8,362,688</u>

June 30, 2020

	Not Past Due	Less than 60 Days	61 to 90 Days	91 to 120 Days	Over 120 Days	Total
Gross carrying amount	\$ 9,705,606	\$ 18,697	\$ 18,541	\$ 50,968	\$ 66,431	\$ 9,860,243
Loss allowance (Lifetime ECLs)	<u>(1,786)</u>	<u>(5,514)</u>	<u>(2,638)</u>	<u>(19,978)</u>	<u>(40,287)</u>	<u>(70,203)</u>
Amortized cost	<u>\$ 9,703,820</u>	<u>\$ 13,183</u>	<u>\$ 15,903</u>	<u>\$ 30,990</u>	<u>\$ 26,144</u>	<u>\$ 9,790,040</u>

The movements of the loss allowance of accounts receivable were as follows:

	For the Six Months Ended June 30	
	2021	2020
Balance at January 1	\$ 30,526	\$ 59,481
Add: Impairment loss	-	10,722
Add: Amounts recovered	85,281	-
Less: Net remeasurement of loss allowance	<u>(51,037)</u>	<u>-</u>
Balance at June 30	<u>\$ 64,770</u>	<u>\$ 70,203</u>

11. INVENTORIES

	June 30, 2021	December 31, 2020	June 30, 2020
Raw materials	\$ 4,909,391	\$ 4,445,489	\$ 5,043,467
Supplies	<u>521,430</u>	<u>529,247</u>	<u>521,459</u>
	<u>\$ 5,430,821</u>	<u>\$ 4,974,736</u>	<u>\$ 5,564,926</u>

The nature of the cost of goods sold were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Cost of inventories sold	<u>\$ 15,791,006</u>	<u>\$ 15,640,103</u>	<u>\$ 30,329,260</u>	<u>\$ 30,726,662</u>
Write-downs (reversal) of inventories	<u>\$ 18,782</u>	<u>\$ (78,516)</u>	<u>\$ 60,246</u>	<u>\$ 22,880</u>
Unallocated production overhead	<u>\$ 763,121</u>	<u>\$ 907,202</u>	<u>\$ 1,635,783</u>	<u>\$ 1,779,473</u>
Sales of scrap	<u>\$ 46,719</u>	<u>\$ 39,107</u>	<u>\$ 85,948</u>	<u>\$ 75,647</u>

12. SUBSIDIARY

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Main Business	Proportion of Ownership (%)			Remark
			June 30, 2021	December 31, 2020	June 30, 2020	
Powertech Technology Inc.	POWERTECH HOLDING (BVI) INC.	Investment business	100	100	100	2
	Greatek Electronics Inc. ("GEI")	Semiconductor assembly and testing service	43	43	43	Notes 1 and 3
	Powertech Technology (Singapore) Pte. Ltd.	Investment business	100	100	100	Notes 2 and 4
	Powertech Technology (Xian) Ltd.	Semiconductor testing design, manufacturing, sales business and assembly services	36	36	36	-
	Powertech Technology (Suzhou) Ltd.	Semiconductor testing design, manufacturing, sales business and assembly services	9	9	9	-
	Powertech Technology Japan Ltd.	Investment business	100	100	100	Note 2
	Tera Probe, Inc.	Wafer probing test services	12	12	12	Notes 2 and 3
	TeraPower Technology Inc.	Wafer probing test services	49	49	49	-

(Continued)

Investor	Investee	Main Business	Proportion of Ownership (%)			Remark
			June 30, 2021	December 31, 2020	June 30, 2020	
POWERTECH HOLDING (BVI) INC.	PTI TECHNOLOGY (SINGAPORE) PTE. LTD.	Investment business	100	100	100	Note 2
PTI TECHNOLOGY (SINGAPORE) PTE. LTD.	Powertech Technology (Suzhou) Ltd.	Semiconductor testing design, manufacturing, sales business and assembly services	72	72	72	-
Powertech Technology (Singapore) Pte. Ltd.	Powertech Technology (Xian) Ltd.	Semiconductor testing design, manufacturing, sales business and assembly services	64	64	64	-
	Powertech Technology (Suzhou) Ltd.	Semiconductor testing design, manufacturing, sales business and assembly services	19	19	19	-
Powertech Technology Japan Ltd.	Tera Probe, Inc.	Wafer probing test services	49	49	49	Notes 2 and 3
	Powertech Technology Akita Inc.	Semiconductor assembly and testing service	100	100	100	Notes 2 and 4
Tera Probe, Inc.	TeraPower Technology Inc.	Wafer probing test services	51	51	51	-
	Tera Probe Aizu, Inc.	Wafer probing test services	100	100	100	Note 2

(Concluded)

Note 1: On the reelection of the directors and supervisors of Greatek Electronics Inc., PTI obtained the a majority of the board seats and Greatek Electronics Inc. became a subsidiary of PTI even though PTI has only 43% ownership of Greatek Electronics Inc.

Note 2: It is a non-significant subsidiary, its financial statements for six months ended June 30, 2021 and 2020 have not been reviewed.

Note 3: Subsidiaries that have material non-controlling interests.

Note 4: Due to the adjustment of operating requirements, the Corporation ceased the operation of Powertech Technology Akita Inc. and scaled down the operation of Powertech Technology (Singapore) Pte. Ltd.

b. Details of subsidiaries that have material non-controlling interests

Name of Subsidiary	Principal Place of Business	Proportion of Ownership and Voting Rights Held by Non-controlling Interests		
		June 30, 2021	December 31, 2020	June 30, 2020
Greatek Electronics Inc.	Zhunan Township, Miaoli County	57%	57%	57%
Tera Probe, Inc.	Japan	39%	39%	39%

Name of Subsidiary	Profit or Loss Allocated to Non-controlling Interests						
	For the Three Months Ended June 30		For the Six Months Ended June 30		Accumulated Non-controlling Interests		
	2021	2020	2021	2020	June 30, 2021	December 31, 2020	June 30, 2020
Greatek Electronics Inc.	\$ 647,585	\$ 370,682	\$ 1,176,837	\$ 675,987	\$ 10,119,383	\$ 10,047,430	\$ 9,309,072
Tera Probe, Inc.	\$ 39,881	\$ 5,425	\$ 77,618	\$ 27,845	\$ 2,362,116	\$ 2,369,086	\$ 2,387,533

Summarized financial information in respect of each of the Corporation's subsidiaries that has material non-controlling interests is set out below. The summarized financial information below represents amounts before intragroup eliminations.

Greatek Electronics Inc.

	June 30, 2021	December 31, 2020	June 30, 2020	
Current assets	\$ 11,007,797	\$ 9,444,467	\$ 9,368,738	
Non-current assets	13,499,281	12,087,657	11,559,705	
Current liabilities	(5,847,361)	(3,262,656)	(4,072,368)	
Non-current liabilities	<u>(268,059)</u>	<u>(272,749)</u>	<u>(248,590)</u>	
Equity	<u>\$ 18,391,658</u>	<u>\$ 17,996,719</u>	<u>\$ 16,607,485</u>	
Equity attributable to:				
Owners of the Parent	\$ 7,890,974	\$ 7,722,605	\$ 7,125,471	
Non-controlling interests	<u>10,500,684</u>	<u>10,274,114</u>	<u>9,482,014</u>	
	<u>\$ 18,391,658</u>	<u>\$ 17,996,719</u>	<u>\$ 16,607,485</u>	
	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Operating revenue	<u>\$ 4,813,598</u>	<u>\$ 3,588,853</u>	<u>\$ 9,029,196</u>	<u>\$ 6,861,552</u>
Net income for the period	\$ 1,137,424	\$ 658,614	\$ 2,067,592	\$ 1,202,721
Other comprehensive income for the period	<u>25,367</u>	<u>100,225</u>	<u>90,769</u>	<u>58,480</u>
Total comprehensive income for the period	<u>\$ 1,162,791</u>	<u>\$ 758,839</u>	<u>\$ 2,158,361</u>	<u>\$ 1,261,201</u>
Net income attributable to:				
Owners of the Parent	\$ 488,013	\$ 282,578	\$ 887,103	\$ 516,029
Non-controlling interests	<u>649,411</u>	<u>376,036</u>	<u>1,180,489</u>	<u>686,692</u>
	<u>\$ 1,137,424</u>	<u>\$ 658,614</u>	<u>\$ 2,067,592</u>	<u>\$ 1,202,721</u>
Total comprehensive income attributable to:				
Owners of the Parent	\$ 498,897	\$ 325,580	\$ 926,048	\$ 541,120
Non-controlling interests	<u>663,894</u>	<u>433,259</u>	<u>1,232,313</u>	<u>720,081</u>
	<u>\$ 1,162,791</u>	<u>\$ 758,839</u>	<u>\$ 2,158,361</u>	<u>\$ 1,261,201</u>
Net cash inflow (outflow) from:				
Operating activities	\$ 1,726,432	\$ 1,236,400	\$ 3,359,831	\$ 2,281,560
Investing activities	(1,277,998)	(514,425)	(2,628,256)	(1,682,544)
financing activities	<u>(306)</u>	<u>(301)</u>	<u>(612)</u>	<u>(601)</u>
Net cash inflow	<u>\$ 448,128</u>	<u>\$ 721,674</u>	<u>\$ 730,963</u>	<u>\$ 598,415</u>

Tera Probe, Inc.

	June 30, 2021	December 31, 2020	June 30, 2020	
Current assets	\$ 2,451,190	\$ 2,768,527	\$ 2,632,645	
Non-current assets	4,146,284	4,317,275	4,666,215	
Current liabilities	(623,010)	(817,436)	(869,380)	
Non-current liabilities	<u>(423,379)</u>	<u>(565,964)</u>	<u>(678,450)</u>	
Equity	<u>\$ 5,551,085</u>	<u>\$ 5,702,402</u>	<u>\$ 5,751,030</u>	
Equity attributable to:				
Owners of the Parent	\$ 3,366,733	\$ 3,458,507	\$ 3,488,000	
Non-controlling interests	<u>2,184,352</u>	<u>2,243,895</u>	<u>2,263,030</u>	
	<u>\$ 5,551,085</u>	<u>\$ 5,702,402</u>	<u>\$ 5,751,030</u>	
	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Operating revenue for the period	<u>\$ 378,070</u>	<u>\$ 356,285</u>	<u>\$ 763,442</u>	<u>\$ 759,934</u>
Net income (loss)	\$ 82,079	\$ (5,482)	\$ 158,709	\$ 32,225
Other comprehensive income for the period	<u>46,544</u>	<u>29,687</u>	<u>198,785</u>	<u>23,788</u>
Total comprehensive income for the period	<u>\$ 128,623</u>	<u>\$ 24,205</u>	<u>\$ 357,494</u>	<u>\$ 56,013</u>
Net income (loss) attributable to:				
Owners of the Parent	\$ 49,780	\$ (3,325)	\$ 96,255	\$ 19,544
Non-controlling interests	<u>32,299</u>	<u>(2,157)</u>	<u>62,454</u>	<u>12,681</u>
	<u>\$ 82,079</u>	<u>\$ (5,482)</u>	<u>\$ 158,709</u>	<u>\$ 32,225</u>
Total comprehensive income attributable to:				
Owners of the Parent	\$ 78,008	\$ 14,646	\$ 216,814	\$ 33,937
Non-controlling interests	<u>50,615</u>	<u>9,559</u>	<u>140,680</u>	<u>22,076</u>
	<u>\$ 128,623</u>	<u>\$ 24,205</u>	<u>\$ 357,494</u>	<u>\$ 56,013</u>
Net cash inflow (outflow) from:				
Operating activities	\$ (157,912)	\$ 105,485	\$ (239,777)	\$ (572,802)
Investing activities	187,708	(28,124)	446,162	1,616,382
financing activities	<u>104,042</u>	<u>46,145</u>	<u>(250,938)</u>	<u>(945,508)</u>
Net cash inflow (outflow)	<u>\$ 133,838</u>	<u>\$ 123,506</u>	<u>\$ (44,553)</u>	<u>\$ 98,072</u>

13. PROPERTY, PLANT AND EQUIPMENT

			June 30, 2021	December 31, 2020	June 30, 2020					
Assets used by the Corporation			<u>\$ 59,866,051</u>	<u>\$ 60,111,194</u>	<u>\$ 61,701,910</u>					
	Land	Building	Machinery and Equipment	Office Equipment	Leasehold Improvements	Other Equipment	Construction in Progress	Advance Payments	Spare parts	Total
Cost										
Balance at January 1, 2021	\$ 3,442,706	\$ 27,495,212	\$103,858,997	\$ 2,514,788	\$ 413,336	\$ 3,722,627	\$ 2,294,972	\$ 3,952,441	\$ 203,042	\$147,898,121
Additions	225,785	18,670	688,542	12,972	-	25,332	1,657,448	4,420,327	267,189	7,316,265
Disposals	-	(145,166)	(2,218,460)	(148,397)	(311,606)	(16,426)	-	(3,852)	(258,577)	(3,102,484)
Reclassified	-	520,253	4,144,211	113,319	4,937	66,217	(78,220)	(4,300,905)	-	469,812
Effects of foreign currency exchange differences	(1,810)	(100,463)	(769,280)	(61,494)	(12,064)	(6,485)	-	(38,348)	(156)	(990,100)
Balance at June 30, 2021	<u>3,666,681</u>	<u>27,788,506</u>	<u>105,704,010</u>	<u>2,431,188</u>	<u>94,603</u>	<u>3,791,265</u>	<u>3,874,200</u>	<u>4,029,663</u>	<u>211,498</u>	<u>151,591,614</u>
Accumulated depreciation										
Balance at January 1, 2021	-	12,275,248	68,685,966	1,878,378	236,089	3,342,692	-	-	13,651	86,432,024
Depreciation expenses	-	729,542	5,596,836	103,050	734	99,390	-	-	245,084	6,774,636
Disposals	-	(128,824)	(1,593,255)	(126,694)	(211,635)	(13,809)	-	-	(258,577)	(2,342,794)
Reclassified	-	18	363,234	-	-	-	-	-	-	363,252
Effects of foreign currency exchange differences	-	(46,417)	(608,664)	(44,453)	(4,605)	(5,938)	-	-	(158)	(710,235)
Balance at June 30, 2021	<u>-</u>	<u>12,829,567</u>	<u>72,444,117</u>	<u>1,810,281</u>	<u>10,583</u>	<u>3,422,335</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>90,516,883</u>
Accumulated impairment										
Balance at January 1, 2021	1,749	425,731	639,988	100,528	141,178	-	-	45,729	-	1,354,903
Disposals	-	-	(25,083)	-	(73,468)	-	-	-	-	(98,551)
Effects of foreign currency exchange differences	(154)	(10,526)	(23,030)	(3,178)	(6,749)	-	-	(4,035)	-	(47,672)
Balance at June 30, 2021	<u>1,595</u>	<u>415,205</u>	<u>591,875</u>	<u>97,350</u>	<u>60,961</u>	<u>-</u>	<u>-</u>	<u>41,694</u>	<u>-</u>	<u>1,208,680</u>
Carrying amount at June 30, 2021	<u>\$ 3,665,086</u>	<u>\$ 14,543,734</u>	<u>\$ 32,668,018</u>	<u>\$ 523,557</u>	<u>\$ 23,059</u>	<u>\$ 368,930</u>	<u>\$ 3,874,200</u>	<u>\$ 3,987,969</u>	<u>\$ 211,498</u>	<u>\$ 59,866,051</u>
Carrying amount at December 31, 2020 and January 1, 2021	<u>\$ 3,440,957</u>	<u>\$ 14,794,233</u>	<u>\$ 34,533,043</u>	<u>\$ 535,882</u>	<u>\$ 36,069</u>	<u>\$ 379,935</u>	<u>\$ 2,294,972</u>	<u>\$ 3,906,712</u>	<u>\$ 189,391</u>	<u>\$ 60,111,194</u>
Cost										
Balance at January 1, 2020	\$ 3,443,310	\$ 27,220,089	\$ 96,574,165	\$ 2,365,767	\$ 426,189	\$ 3,705,720	\$ 1,413,214	\$ 5,274,732	\$ 161,417	\$140,584,603
Additions	-	8,475	615,399	14,321	280	7,553	765,337	7,877,030	249,871	9,538,266
Disposals	-	(22,223)	(1,095,175)	(1,830)	-	(36,206)	-	(8,888)	(223,430)	(1,387,752)
Reclassified	-	280,172	7,047,844	72,657	927	52,171	(449,268)	(7,010,758)	-	(6,255)
Effects of foreign currency exchange differences	(275)	(63,782)	(213,864)	(23,164)	(5,573)	(4,301)	(671)	(9,473)	(239)	(321,342)
Balance at June 30, 2020	<u>3,443,035</u>	<u>27,422,731</u>	<u>102,928,369</u>	<u>2,427,751</u>	<u>421,823</u>	<u>3,724,937</u>	<u>1,728,612</u>	<u>6,122,643</u>	<u>187,619</u>	<u>148,407,520</u>
Accumulated depreciation										
Balance at January 1, 2020	-	11,052,939	64,195,405	1,728,157	238,577	3,246,752	-	-	15,589	80,477,419
Depreciation expenses	-	739,931	5,272,505	125,019	10,692	103,863	-	-	223,946	6,475,956
Disposals	-	(19,509)	(1,056,299)	(1,533)	-	(36,057)	-	-	(223,430)	(1,336,828)
Reclassified	-	6,841	19	-	(6,841)	(19)	-	-	-	-
Effects of foreign currency exchange differences	-	(34,657)	(156,818)	(17,547)	(3,595)	(3,760)	-	-	(237)	(216,614)
Balance at June 30, 2020	<u>-</u>	<u>11,745,545</u>	<u>68,254,812</u>	<u>1,834,096</u>	<u>238,833</u>	<u>3,310,779</u>	<u>-</u>	<u>-</u>	<u>15,868</u>	<u>85,399,933</u>
Accumulated impairment										
Balance at January 1, 2020	1,753	434,093	666,461	101,000	78,663	-	45,425	-	-	1,327,395
Effects of foreign currency exchange differences	(11)	(8,949)	(9,145)	(2,154)	(1,164)	-	82	(377)	-	(21,718)
Balance at June 30, 2020	<u>1,742</u>	<u>425,144</u>	<u>657,316</u>	<u>98,846</u>	<u>77,499</u>	<u>-</u>	<u>45,130</u>	<u>-</u>	<u>-</u>	<u>1,305,677</u>
Carrying amount at June 30, 2020	<u>\$ 3,441,293</u>	<u>\$ 15,252,042</u>	<u>\$ 34,016,241</u>	<u>\$ 494,809</u>	<u>\$ 105,491</u>	<u>\$ 414,158</u>	<u>\$ 1,728,612</u>	<u>\$ 6,077,513</u>	<u>\$ 171,751</u>	<u>\$ 61,701,910</u>

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Main plants	3-51 years
Mechanical and electrical power equipment	1-26 years
Wafer Fab	6-16 years
Fire control equipment	2-26 years
Others	2-51 years
Machinery and equipment	1-15 years
Office equipment	1-15 years
Leasehold improvements	2-50 years
Other equipment	1-16 years
Spare parts	0.5-2 years

Property, plant and equipment pledged as collateral for bank borrowings is set out in Note 28.

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	June 30, 2021	December 31, 2020	June 30, 2020	
<u>Carrying amount</u>				
Land	\$ 1,396,336	\$ 1,410,566	\$ 1,427,341	
Buildings	3,239	28,682	72,438	
Machinery and equipment	121,374	271,518	306,693	
Transportation equipment	<u>3,347</u>	<u>26</u>	<u>181</u>	
	<u>\$ 1,524,296</u>	<u>\$ 1,710,792</u>	<u>\$ 1,806,653</u>	
	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Additions to right-of-use assets			<u>\$ 9,998</u>	<u>\$ -</u>
Depreciation charge for right-of-use assets				
Land	\$ 9,255	\$ 9,195	\$ 18,283	\$ 18,473
Buildings	3,446	22,791	12,217	46,332
Machinery and equipment	6,084	23,231	16,675	46,350
Transportation equipment	<u>610</u>	<u>78</u>	<u>636</u>	<u>156</u>
	<u>\$ 19,395</u>	<u>\$ 55,295</u>	<u>\$ 47,811</u>	<u>\$ 111,311</u>

Except for the recognized depreciation, the Corporation did not have significant sublease or impairment of right-of-use assets during the six months ended June 30, 2021 and 2020.

b. Lease liabilities

	June 30, 2021	December 31, 2020	June 30, 2020
<u>Carrying amount</u>			
Current	<u>\$ 68,867</u>	<u>\$ 106,102</u>	<u>\$ 171,098</u>
Non-current	<u>\$ 1,398,876</u>	<u>\$ 1,430,937</u>	<u>\$ 1,470,274</u>

Range of discount rate for lease liabilities was as follows:

	June 30, 2021	December 31, 2020	June 30, 2020
Land	0.93%-1.69%	1.10%-1.69%	1.10%-1.69%
Buildings	0.77%	0.69%-3.77%	0.69%-3.77%
Machinery and equipment	0.80%-1.695%	0.80%-1.70%	0.80%-2.32%
Transportation equipment	0.92%	1.13%	1.13%

c. Other lease information

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Expenses relating to short-term leases	\$ 3,804	\$ 4,087	\$ 7,870	\$ 8,239
Total cash outflow for leases	\$ (74,951)	\$ (124,518)		

The Corporation leases certain office, machines and vehicles which qualify as short-term leases. The Corporation has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

15. INTANGIBLE ASSETS

	Computer Software	Goodwill	Core Techniques	Client Relationships	Royalty	Technique Services	Total
<u>Cost</u>							
Balance at January 1, 2021	\$ 632,953	\$ 979,819	\$ 247,464	\$ 220,775	\$ 9,587	\$ 88,894	\$ 2,179,492
Additions	7,303	-	-	-	-	-	7,303
Disposals	(1,454)	-	-	-	-	-	(1,454)
Effect of foreign currency exchange differences	(24,193)	-	(757)	-	(111)	-	(25,061)
Balance at June 30, 2021	<u>614,609</u>	<u>979,819</u>	<u>246,707</u>	<u>220,775</u>	<u>9,476</u>	<u>88,894</u>	<u>2,160,280</u>
<u>Accumulated amortization</u>							
Balance at January 1, 2021	585,776	-	247,464	220,775	5,947	88,894	1,148,856
Amortization expenses	18,630	-	-	-	1,432	-	20,062
Disposals	(1,454)	-	-	-	-	-	(1,454)
Effect of foreign currency exchange differences	(18,613)	-	(757)	-	(98)	-	(19,468)
Balance at June 30, 2021	<u>584,339</u>	<u>-</u>	<u>246,707</u>	<u>220,775</u>	<u>7,281</u>	<u>88,894</u>	<u>1,147,996</u>
<u>Accumulated impairment</u>							
Balance at January 1, 2021	28,161	-	-	-	-	-	28,161
Effect of foreign currency exchange differences	(1,485)	-	-	-	-	-	(1,485)
Balance at June 30, 2021	<u>26,676</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,676</u>
Carrying amount at June 30, 2021	<u>\$ 3,594</u>	<u>\$ 979,819</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,195</u>	<u>\$ -</u>	<u>\$ 985,608</u>
Carrying amount at December 31, 2020 and January 1, 2021	<u>\$ 19,016</u>	<u>\$ 979,819</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,640</u>	<u>\$ -</u>	<u>\$ 1,002,475</u>
<u>Cost</u>							
Balance at January 1, 2020	\$ 637,338	\$ 979,819	\$ 249,359	\$ 220,775	\$ 10,088	\$ 88,894	\$ 2,186,273
Additions	2,303	-	-	-	-	-	2,303
Disposals	(12,614)	-	-	-	(500)	-	(13,114)
Reclassified	5,773	-	-	-	(864)	-	4,909
Effect of foreign currency exchange differences	(3,372)	-	(529)	-	-	-	(3,901)
Balance at June 30, 2020	<u>629,428</u>	<u>979,819</u>	<u>248,830</u>	<u>220,775</u>	<u>8,724</u>	<u>88,894</u>	<u>2,176,470</u>
<u>Accumulated amortization</u>							
Balance at January 1, 2020	562,741	-	249,359	197,396	3,551	88,894	1,101,941
Amortization expenses	53,968	-	-	12,616	1,449	-	68,033
Disposals	(12,614)	-	-	-	(500)	-	(13,114)
Effect of foreign currency exchange differences	(2,599)	-	(529)	-	(6)	-	(3,134)
Balance at June 30, 2020	<u>601,496</u>	<u>-</u>	<u>248,830</u>	<u>210,012</u>	<u>4,494</u>	<u>8,894</u>	<u>1,153,726</u>
<u>Accumulated impairment</u>							
Balance at January 1, 2020	24,706	-	-	-	-	-	24,706
Effect of foreign currency exchange differences	(294)	-	-	-	-	-	(294)
Balance at June 30, 2020	<u>24,412</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,412</u>
Carrying amount at June 30, 2020	<u>\$ 3,520</u>	<u>\$ 979,819</u>	<u>\$ -</u>	<u>\$ 10,763</u>	<u>\$ 4,230</u>	<u>\$ -</u>	<u>\$ 998,332</u>

The above items of intangible assets were amortized on a straight-line basis over their estimated useful lives as follows:

Computer software	2-10 years
Core techniques	5 years
Client relationships	9 years
Royalty	1-10 years
Technique services	2-4 years

16. OTHER ASSETS

	June 30, 2021	December 31, 2020	June 30, 2020
<u>Current</u>			
Tax refund receivables	\$ 231,495	\$ 262,927	\$ 391,228
Payment on behalf of others	115,746	105,165	96,673
Others	<u>75,763</u>	<u>53,306</u>	<u>91,448</u>
	<u>\$ 423,004</u>	<u>\$ 421,398</u>	<u>\$ 579,349</u>
<u>Non-current</u>			
Refundable deposits	\$ 64,280	\$ 50,283	\$ 71,291
Prepayment for equipment	33,193	46,554	44,843
Others	<u>1,004</u>	<u>851</u>	<u>1,676</u>
	<u>\$ 98,477</u>	<u>\$ 97,688</u>	<u>\$ 117,810</u>

17. BORROWINGS

a. Short-term bank loans

	June 30, 2021	December 31, 2020	June 30, 2020
<u>Unsecured borrowings</u>			
Working capital loan	<u>\$ 75,630</u>	<u>\$ 196,982</u>	<u>\$ 2,020,887</u>

The effective interest rate ranges on the working capital loan was 0.68%, 0.68%-1.61% and 0.68%-4.37% as of June 30, 2021, December 31, 2020 and June 30, 2020, respectively.

b. Long-term debts

	June 30, 2021	December 31, 2020	June 30, 2020
1) Secured Borrowings (Note 28)	\$ 10,482,619	\$ 12,107,715	\$ 12,715,456
2) Unsecured Borrowings	<u>18,159,472</u>	<u>20,266,108</u>	<u>16,725,608</u>
	28,642,091	32,373,823	29,441,064
Current portion	<u>(139,916)</u>	<u>(1,022,165)</u>	<u>(827,191)</u>
	<u>\$ 28,502,175</u>	<u>\$ 31,351,658</u>	<u>\$ 28,613,873</u>

1. Repayable continually from September 2022 to December 2038; interest rates at 0.835%-1.01% on June 30, 2021, 0.835%-1.05% on December 31, 2020 and 0.83%-1.15% on June 30, 2020.
2. Repayable continually from March 2022 to June 2025; interest rates at 0.69%-1.06% on June 30, 2021, 0.69%-1.38% on December 31, 2020 and 0.69%-3.05% on June 30, 2020.

For PTI's long-term debt, the financing banks required PTI to show compliance with requirements to maintain the current ratio, fixed ratio, liability ratio, financial liability ratio, equity ratio, interest coverage ratio, tangible assets and net asset value as well as the ability to repay the current portion of long-term liabilities in its annual and semiannual consolidated financial statements. As of June 30, 2021, PTI was in compliance with these ratio requirements.

18. OTHER LIABILITIES

	June 30, 2021	December 31, 2020	June 30, 2020
<u>Current</u>			
Accrued expenses and other current liabilities			
Payable salaries and bonus	\$ 2,361,288	\$ 2,148,090	\$ 2,089,566
Payable for utilities	244,743	194,655	243,303
Agency receipts	216,167	212,353	193,676
Payable for insurance	205,153	208,838	212,511
Indemnification payable (a)	152,447	111,883	127,226
Payable for annual leave	121,247	72,539	118,481
Others	<u>3,181,110</u>	<u>3,397,997</u>	<u>4,131,050</u>
	<u>\$ 6,482,155</u>	<u>\$ 6,346,355</u>	<u>\$ 7,115,813</u>
<u>Non-current</u>			
Other liabilities			
Guarantee deposits	\$ 1,344	\$ 1,345	\$ 1,342
Others	<u>25,541</u>	<u>159,380</u>	<u>328,234</u>
	<u>\$ 26,885</u>	<u>\$ 160,725</u>	<u>\$ 329,576</u>

- a. Indemnification payable are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

19. RETIREMENT BENEFIT PLANS

Employee benefit expenses in respect of the Corporation's defined benefit retirement plans were \$2,274 thousand, \$3,750 thousand, \$4,622 thousand and \$7,480 thousand for the three months and six months ended June 30, 2021 and 2020, respectively, and were calculated using the actuarially determined pension cost discount rate as of December 31, 2020 and 2019.

20. EQUITY

a. Capital stock

1) Ordinary shares

	June 30, 2021	December 31, 2020	June 30, 2020
Share authorized (in thousands of shares)	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>
Share authorized (in thousands of dollars)	<u>\$ 15,000,000</u>	<u>\$ 15,000,000</u>	<u>\$ 15,000,000</u>
Share issued and fully paid (in thousands of shares)	<u>779,147</u>	<u>779,147</u>	<u>779,147</u>
Share issued (in thousands of dollars)	<u>\$ 7,791,466</u>	<u>\$ 7,791,466</u>	<u>\$ 7,791,466</u>

Fully paid ordinary shares, which have a par value of \$10, carry 1 vote per share and carry a right to dividends.

Out of the shares authorized, 15,000 thousand shares were reserved for the issuance of employee share options.

As of June 30, 2021, 35 thousand units of GDSs of PTI were trading on the Luxembourg Share Exchange. The number of ordinary shares represented by the GDSs was 69 thousand shares (one GDS represents 2 ordinary shares).

b. Capital surplus

	June 30, 2021	December 31, 2020	June 30, 2020
May be used to offset a deficit, distributed as cash dividends, or transferred to capital stock (1)			
Share premium	\$ 1,929	\$ 1,929	\$ 1,929
<u>May be used to offset a deficit only</u>			
Arising from treasury share transactions	157,647	157,647	136,272
Changes in percentage of ownership interests in subsidiaries (2)	<u>71,718</u>	<u>71,718</u>	<u>71,651</u>
	<u>\$ 231,294</u>	<u>\$ 231,294</u>	<u>\$ 209,852</u>

1) The premium from shares issued in excess of par may be used to offset a deficit; in addition, when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to capital (limited to a certain percentage of the Corporation's capital surplus and once a year).

2) Such capital surplus arises from the effects of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions or from changes in capital surplus of subsidiaries accounted for using the equity method.

c. Retained earnings and dividends policy

Under PTI's Articles of Incorporation, PTI should make appropriations from its net income in the following order:

- 1) Offset deficits.
- 2) Set aside as legal reserve 10% of the remaining profit.
- 3) Appropriate as special reserve.
- 4) After the above-mentioned amounts have been deducted, any remaining profit from the previous years and the current year's undistributed retained earnings shall be used by PTI's board of directors as the basis for proposing a distribution plan, which should be resolved by the shareholders as to whether the amount should be distributed as dividends or retained within PTI.

Dividends are distributed in the form of cash, ordinary shares or a combination of cash and ordinary shares. In consideration of PTI being in a capital-intensive industry as well as the present and future investment environment, capital demand, market competition, capital budget, shareholders' interests, balanced dividend considerations and long-term financial plans, PTI's Articles of Incorporation provide that the total cash dividends paid in any given year should be at least 20% of total dividends distributed.

For the policies on the distribution of compensation of employees and remuneration of directors after the amendment, refer to compensation of employees and remuneration of directors in Note 22(g).

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals PTI's capital surplus. The legal reserve may be used to offset deficit. If PTI has no deficit and the legal reserve has exceeded 25% of PTI's capital surplus, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2020 and 2019 that were approved in the shareholders' meeting on July 29, 2021 and May 28, 2020, respectively. The appropriations and dividends per share were as follows:

	For the Year Ended	
	December 31	
	2020	2019
Legal reserve	<u>\$ 662,022</u>	<u>\$ 582,611</u>
Special reserve	<u>\$ 42,241</u>	<u>\$ 129,671</u>
Cash dividends	<u>\$ 3,895,733</u>	<u>\$ 3,506,160</u>
Cash dividends per share (NT\$)	\$ 5	\$ 4.5

The Corporation suspends its originally scheduled shareholders' meeting in response to the FSC's announcement: "For pandemic prevention, the FSC demands public companies to postpone their shareholders' meetings". The shareholders' meeting will be held on July 29, 2021. However, the voting result by way of electronic transmission regarding the appropriation of earnings for 2020 reached the legal resolution threshold and the Corporation adjusted related amount accordingly.

d. Others equity items

1) Exchange differences on translation of the financial statements of foreign operations

	For the Six Months Ended June 30	
	2021	2020
Balance at January 1	\$ (352,472)	\$ (299,686)
Recognized for the period		
Exchange differences on translation of the financial statements of foreign operations	<u>(246,757)</u>	<u>(77,325)</u>
Other comprehensive loss recognized for the period	<u>(246,757)</u>	<u>(77,325)</u>
Balance at June 30	<u>\$ (599,229)</u>	<u>\$ (377,011)</u>

2) Unrealized valuation gain (loss) on financial assets at FVTOCI

	For the Six Months Ended June 30	
	2021	2020
Balance at January 1	\$ (14,510)	\$ (25,055)
Recognized for the period		
Unrealized gain (loss) - equity instruments	<u>48</u>	<u>(11,150)</u>
Other comprehensive income recognized for the period	<u>48</u>	<u>(11,150)</u>
Balance at June 30	<u>\$ (14,462)</u>	<u>\$ (36,205)</u>

e. Non-controlling interests

	For the Six Months Ended June 30	
	2021	2020
Balance at January 1	\$ 12,416,516	\$ 11,870,235
Share in profit for the period	1,254,455	703,832
Other comprehensive loss for the period		
Exchange differences on translation of the financial statements of foreign entities	(84,588)	(24,677)
The Parent's shares held by its subsidiaries treated as treasury shares	(98,061)	(105,787)
Cash dividends distributed by subsidiaries	<u>(1,006,823)</u>	<u>(746,998)</u>
Balance at June 30	<u>\$ 12,481,499</u>	<u>\$ 11,696,605</u>

f. Treasury share

Purpose of Buy-Back	Share Held by Subsidiary (In Thousands of Shares)
Number of shares at January 1, 2020	2,650
Increase during the period	<u>2,100</u>
Number of shares at June 30, 2020	<u>4,750</u>
Number of shares at January 1, 2021	6,170
Increase during the period	<u>1,719</u>
Number of shares at June 30, 2021	<u>7,889</u>

PTI's shares held by its subsidiary at the end of the reporting periods were as follows :

Name of Subsidiary	Number of Share Held (In Thousands of Shares)	Carrying Amount	Market Price
<u>June 30, 2021</u>			
Greatek Electronics Inc.	7,889	\$ 848,068	\$ 848,068
<u>December 31, 2020</u>			
Greatek Electronics Inc.	6,170	\$ 585,533	\$ 585,533
<u>June 30, 2020</u>			
Greatek Electronics Inc.	4,750	\$ 508,250	\$ 508,250

PTI's shares held by its subsidiary are treated as treasury share.

21. REVENUE

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Revenue from contracts with customers				
Revenue from packaging services	\$ 14,058,080	\$ 12,598,584	\$ 26,597,775	\$ 24,688,561
Revenue from testing services	4,595,889	4,233,797	8,624,314	8,578,743
Revenue from module services	1,945,954	2,566,234	3,800,527	4,804,082
Others	<u>20,931</u>	<u>11,509</u>	<u>27,471</u>	<u>150,418</u>
	<u>\$ 20,620,854</u>	<u>\$ 19,410,124</u>	<u>\$ 39,050,087</u>	<u>\$ 38,221,804</u>

a. Contract information

As the Corporation fulfills the obligations in the contract for testing services, the customer simultaneously receives and consumes the benefits provided by the Corporation. The Corporation has the right to revenue collection for the portion of testing services that have been fulfilled, and the revenue from testing services is recognized over time. The Corporation fulfills the obligations in the contract for packaging services when the customer creates or enhances the goods they have control of. The Corporation has the right to revenue collection for the portion of packaging services that have been fulfilled, and the revenue from packaging services is recognized over time.

b. Contract balances

	June 30, 2021	December 31, 2020	June 30, 2020	January 1, 2020
Notes and accounts receivable (including related parties) (Note 10)	<u>\$ 16,422,107</u>	<u>\$ 14,766,670</u>	<u>\$ 15,436,270</u>	<u>\$ 13,771,460</u>
Contract assets				
Revenue from services	<u>\$ 2,279,683</u>	<u>\$ 2,211,796</u>	<u>\$ 2,062,153</u>	<u>\$ 2,170,456</u>
Contract liabilities				
Revenue from services	<u>\$ 208,279</u>	<u>\$ 56,676</u>	<u>\$ 44,035</u>	<u>\$ 62,458</u>

The changes in the contract asset and the contract liability balances primarily result from the timing difference between the Corporation's performance and the respective customer's payment.

Revenue of the reporting period recognized from the beginning contract liabilities is as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
From the contract liabilities at the beginning of the year				
Revenue from services	<u>\$ 12,236</u>	<u>\$ 5,561</u>	<u>\$ 37,728</u>	<u>\$ 38,502</u>

c. Disaggregation of revenue

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
<u>Primary geographical markets</u>				
Japan	\$ 6,381,085	\$ 6,791,984	\$ 11,826,689	\$ 13,339,394
America	3,079,416	3,804,832	5,906,191	7,217,703
Singapore	4,398,815	3,600,447	8,613,438	7,349,530
Taiwan (The principal place of business of the Corporation)	4,975,667	3,801,275	9,395,114	7,445,736
Europe	583,222	493,987	1,090,373	1,108,145
China, Hong Kong and Macao	517,213	262,517	916,930	505,865
Others	<u>685,436</u>	<u>655,082</u>	<u>1,301,352</u>	<u>1,255,431</u>
	<u>\$ 20,620,854</u>	<u>\$ 19,410,124</u>	<u>\$ 39,050,087</u>	<u>\$ 38,221,804</u>

22. NET PROFIT FROM CONTINUING OPERATIONS

a. Other gains and losses

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Fair value changes of financial assets and financial liabilities				
Financial assets mandatorily classified as at FVTPL	\$ 70,712	\$ 66,875	\$ 112,827	\$ 67,318
Financial liabilities classified as held for trading	50,532	3,113	(55,392)	(20,577)
Others	<u>183,973</u>	<u>77,877</u>	<u>263,943</u>	<u>(38,939)</u>
	<u>\$ 305,217</u>	<u>\$ 147,865</u>	<u>\$ 321,378</u>	<u>\$ 7,802</u>

b. Interest income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Bank deposits	\$ 12,502	\$ 18,958	\$ 20,417	\$ 39,041
Financial assets measured at amortized cost	<u>1,620</u>	<u>2,268</u>	<u>3,464</u>	<u>4,655</u>
	<u>\$ 14,122</u>	<u>\$ 21,226</u>	<u>\$ 23,881</u>	<u>\$ 43,696</u>

c. Other income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Rental income				
Operating lease rental income	<u>\$ 22,945</u>	<u>\$ 23,248</u>	<u>\$ 46,666</u>	<u>\$ 47,335</u>

d. Finance costs

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Interest on bank loans	\$ 68,189	\$ 82,076	\$ 140,269	\$ 174,307
Interest on lease liabilities	6,103	6,835	12,250	13,693
Capitalized interest	<u>(17,450)</u>	<u>(19,512)</u>	<u>(34,890)</u>	<u>(41,197)</u>
	<u>\$ 56,842</u>	<u>\$ 69,399</u>	<u>\$ 117,629</u>	<u>\$ 146,803</u>

Information about capitalized interest was as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Capitalized interest	\$ 17,450	\$ 19,512	\$ 34,890	\$ 41,197
Capitalization rate	0.92%-0.93%	0.960%-1.140%	0.92%-0.93%	0.960%-1.140%

e. Depreciation and amortization

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Property, plant and equipment	\$ 3,459,373	\$ 3,339,128	\$ 6,774,636	\$ 6,475,956
Right-of-use assets	19,395	55,295	47,811	111,311
Intangible assets	<u>9,990</u>	<u>34,022</u>	<u>20,062</u>	<u>68,033</u>
	<u>\$ 3,488,758</u>	<u>\$ 3,428,445</u>	<u>\$ 6,842,509</u>	<u>\$ 6,655,300</u>

An analysis of depreciation by function

Operating costs	\$ 3,337,488	\$ 3,220,307	\$ 6,544,429	\$ 6,249,359
Operating expenses	<u>141,280</u>	<u>174,116</u>	<u>278,018</u>	<u>337,908</u>
	<u>\$ 3,478,768</u>	<u>\$ 3,394,423</u>	<u>\$ 6,822,447</u>	<u>\$ 6,587,267</u>

An analysis of amortization by function

Operating costs	\$ 6,555	\$ 30,190	\$ 13,128	\$ 60,291
Marketing	2	13	3	28
General and administrative	1,357	1,565	2,657	3,203
Research and development	<u>2,076</u>	<u>2,254</u>	<u>4,274</u>	<u>4,511</u>
	<u>\$ 9,990</u>	<u>\$ 34,022</u>	<u>\$ 20,062</u>	<u>\$ 68,033</u>

f. Employee benefits expense

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Post-employment benefits				
Defined contribution plans	\$ 149,693	\$ 128,751	\$ 285,296	\$ 263,153
Defined benefit plans (Note 19)	<u>2,274</u>	<u>3,750</u>	<u>4,622</u>	<u>7,480</u>
	151,967	132,501	289,918	270,633
Termination benefits	500	2,833	715	2,932
Other employee benefits	<u>4,512,880</u>	<u>4,294,451</u>	<u>9,116,732</u>	<u>8,778,361</u>
Total employee benefits expense	<u>\$ 4,665,347</u>	<u>\$ 4,429,785</u>	<u>\$ 9,407,365</u>	<u>\$ 9,051,926</u>

(Continued)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
An analysis of employee benefits expense by function				
Operating costs	\$ 4,011,142	\$ 3,827,097	\$ 7,968,638	\$ 7,710,605
Operating expenses	<u>654,205</u>	<u>602,688</u>	<u>1,438,727</u>	<u>1,341,321</u>
	<u>\$ 4,665,347</u>	<u>\$ 4,429,785</u>	<u>\$ 9,407,365</u>	<u>\$ 9,051,926</u>

(Concluded)

g. Compensation of employees and remuneration of directors

According to the Articles of Incorporation of PTI, PTI accrues compensation of employees and remuneration of directors at the rates between 5% and 7.5% and no higher than 1.5%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. However, if PTI has accumulated deficits (including adjustment of unappropriated earnings), PTI should retain the net profit in advance for deducting accumulated deficits. For the six months ended June 30, 2021 and 2020, respectively, the compensation of employees and the remuneration of directors were as follows:

Accrual rate

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Compensation of employees	5.41%	5.15%	5.41%	5.15%
Remuneration of directors	1.08%	1.03%	1.08%	1.03%

Amount

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
	Cash	Cash	Cash	Cash
Compensation of employees	\$ 150,051	\$ 117,874	\$ 265,362	\$ 228,097
Remuneration of directors	30,010	23,574	53,072	45,619

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

The appropriations of compensation of employees and remuneration of directors for 2020 and 2019 that were resolved by the board of directors on March 12, 2021 and March 10, 2020, respectively, are as shown below:

	For the Year Ended December 31	
	2020	2019
	Cash	Cash
Compensation of employees	\$ 449,703	\$ 394,109
Remuneration of directors	89,940	78,822

There is no difference between the actual amounts of compensation of employees 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 compensation of employees and remuneration of directors resolved by PTI's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

h. Gains or losses on foreign currency exchange

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Foreign exchange gains	\$ (5,680)	\$ 55,782	\$ 279,350	\$ 273,893
Foreign exchange losses	<u>(240,230)</u>	<u>(202,313)</u>	<u>(533,699)</u>	<u>(329,239)</u>
Net losses	<u>\$ (245,910)</u>	<u>\$ (146,531)</u>	<u>\$ (254,349)</u>	<u>\$ (55,346)</u>

23. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Current tax				
In respect of the current period	\$ 795,322	\$ 612,919	\$ 1,213,200	\$ 1,126,509
Income tax on unappropriated earnings	-	587	-	587
Adjustments for prior periods	<u>3,077</u>	<u>(44,307)</u>	<u>3,077</u>	<u>(44,307)</u>
	798,399	569,199	1,216,277	1,082,789
Deferred tax				
In respect of the current period	<u>25,046</u>	<u>(3,178)</u>	<u>129,622</u>	<u>51,907</u>
Income tax expense recognized in profit or loss	<u>\$ 823,445</u>	<u>\$ 566,021</u>	<u>\$ 1,345,899</u>	<u>\$ 1,134,696</u>

b. Income tax assessments

Income tax returns through 2019 have been assessed by the tax authorities.

24. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Basic earnings per share	\$ 2.88	\$ 2.26	\$ 5.09	\$ 4.36
Diluted earnings per share	\$ 2.88	\$ 2.25	\$ 5.06	\$ 4.34

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share from continuing operations were as follows:

Net Profit for the Periods

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Profit of the period attributable to owner of the Parent	\$ 2,222,981	\$ 1,746,285	\$ 3,931,287	\$ 3,379,220
Effect of potentially dilutive ordinary shares:				
Compensation of employees	-	-	-	-
Earnings used in the computation of diluted earnings per share	\$ 2,222,981	\$ 1,746,285	\$ 3,931,287	\$ 3,379,220

Weighted average number of ordinary shares outstanding (in thousands of shares):

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Weighted average number of ordinary shares used in the computation of basic earnings per share	770,667	774,397	772,539	775,115
Effect of potentially dilutive ordinary shares:				
Compensation of employees	2,468	2,132	4,206	3,669
Weighted average number of ordinary shares used in the computation of dilutive earnings per share	773,135	776,529	776,745	778,784

If PTI offered to settle compensation paid to employees in cash or shares, PTI assumed the entire amount of the compensation will be settled in shares, and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

25. CAPITAL MANAGEMENT

The Corporation manages its capital to ensure its ability to continue as a going concern while maximizing the return to stakeholders. The Corporation's overall strategy remains unchanged from the previous year.

The capital structure of the Corporation consists of net debt (borrowings offset by cash and cash equivalents) and equity (comprising issued capital, reserves, retained earnings, other equity and non-controlling interests).

26. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

June 30, 2021

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial assets</u>					
Financial assets at amortized cost					
Domestic corporate bonds	\$ 555,001	\$ -	\$ 552,652	\$ -	\$ 552,652

December 31, 2020

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial assets</u>					
Financial assets at amortized cost					
Domestic corporate bonds	\$ 800,001	\$ -	\$ 804,895	\$ -	\$ 804,895

June 30, 2020

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial assets</u>					
Financial assets at amortized cost					
Domestic corporate bonds	\$ 900,002	\$ -	\$ 905,906	\$ -	\$ 905,906

The above-mentioned level 2 fair value measurement was based on the quoted price from the Taipei Exchange.

b. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

June 30, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	\$ 75,650	\$ -	\$ -	\$ 75,650
Derivative instruments	<u>-</u>	<u>16,736</u>	<u>-</u>	<u>16,736</u>
	<u>\$ 75,650</u>	<u>\$ 16,736</u>	<u>\$ -</u>	<u>\$ 92,386</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares and emerging market shares	<u>\$ 2,136</u>	<u>\$ 33,200</u>	<u>\$ -</u>	<u>\$ 35,336</u>
Financial liabilities at FVTPL				
Derivative instruments	<u>\$ -</u>	<u>\$ 15,873</u>	<u>\$ -</u>	<u>\$ 15,873</u>

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	\$ 125,900	\$ -	\$ -	\$ 125,900
Derivative instruments	<u>-</u>	<u>43,567</u>	<u>-</u>	<u>43,567</u>
	<u>\$ 125,900</u>	<u>\$ 43,567</u>	<u>\$ -</u>	<u>\$ 169,467</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares and emerging market shares	<u>\$ 2,488</u>	<u>\$ 32,800</u>	<u>\$ -</u>	<u>\$ 35,288</u>
Financial liabilities at FVTPL				
Derivative instruments	<u>\$ -</u>	<u>\$ 5,435</u>	<u>\$ -</u>	<u>\$ 5,435</u>

June 30, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	\$ 107,000	\$ -	\$ -	\$ 107,000
Derivative instruments	<u>-</u>	<u>31,900</u>	<u>-</u>	<u>31,900</u>
	<u>\$ 107,000</u>	<u>\$ 31,900</u>	<u>\$ -</u>	<u>\$ 138,900</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares and emerging market shares	<u>\$ 1,568</u>	<u>\$ 13,375</u>	<u>\$ -</u>	<u>\$ 14,943</u>
Financial liabilities at FVTPL				
Derivative instruments	<u>\$ -</u>	<u>\$ 3,611</u>	<u>\$ -</u>	<u>\$ 3,611</u>

There were no transfers between Level 1 and 2 in the current and prior periods.

2) Valuation techniques and inputs applied for the purpose of Level 2 fair value measurement

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Derivatives - foreign currency forward contracts	Discounted cash flow: Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Unlisted securities	Using the market approach and the binomial option pricing model to calculate the fair value.

c. Categories of financial instruments

	June 30, 2021	December 31, 2020	June 30, 2020
<u>Financial assets</u>			
FVTPL			
Mandatorily classified as at FVTPL	\$ 92,386	\$ 169,467	\$ 138,900
Financial assets at amortized cost (Note 1)	40,747,590	37,604,652	38,428,326
Financial assets at FVTOCI			
Equity instruments	35,336	35,288	14,943
<u>Financial liabilities</u>			
FVTPL			
Held for trading	15,873	5,435	3,611
Amortized cost (Note 2)	43,552,597	40,243,413	46,159,001

Note 1: The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, debt investments, time deposits with original maturities of more than 3 months, notes and accounts receivable (including related parties), other receivables (including related parties), pledged time deposits and refundable deposits.

Note 2: The balances include financial liabilities measured at amortized cost, which comprise short-term loans, notes and accounts payable (including related parties), other payables (including related parties), dividends payable, accrued expenses and other current liabilities and long-term debt (including current portion).

d. Financial risk management objectives and policies

The Corporation's major financial instruments included equity investments, accounts receivable, accounts payable, borrowings and lease liabilities. The Corporation's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Corporation through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Corporation sought to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives was governed by the Corporation's policies approved by the board of directors, which provided written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits was reviewed by the internal auditors on a continuous basis. The Corporation did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The corporate treasury function, an independent body that monitors risks and policies implemented to mitigate risk exposures reports quarterly to the Corporation's board of directors.

1) Market risk

The Corporation's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below). The Corporation entered into a variety of derivative financial instruments (included forward exchange contracts) to manage its exposure to foreign currency risk.

There had been no change to the Corporation's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Corporation's operating activities are partially denominated in foreign currencies and apply natural hedge. The purpose of the Corporation's management of the foreign currency risk is to hedge against the risk instead of making a profit.

The strategy of foreign currency risk management is to review the net position exposed to foreign currency risk and manage the risk of the net position. The Corporation selects the instruments to hedge against currency exposure taking into consideration the hedging cost and period. The Corporation currently utilizes derivative financial instruments, including buy/sell foreign exchange forward contracts, to hedge against foreign currency exchange risk.

For the carrying amounts of the Corporation's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period, refer to Note 30.

The Corporation uses forward exchange contracts to reduce foreign currency risk exposure. It is the Corporation's policy to negotiate the terms of the hedge derivatives to match the terms of the hedged item to maximize hedge effectiveness.

As net investments in foreign operations are for strategic purposes, they are not hedged by the Corporation.

Sensitivity analysis

The Corporation was mainly exposed to the USD and JPY.

The following table details the Corporation's sensitivity to a 5% increase and decrease in the functional currency against the relevant foreign currencies. The sensitivity analysis included outstanding foreign currency denominated monetary items and foreign currency forward contracts designated as cash flow hedges, and adjusted their translation at the end of the reporting period for a 5% change in foreign currency rates. The sensitivity analysis included cash and cash equivalents, accounts receivable (including related parties), other receivables (including related parties), accounts payable (including related parties), other payables (including related parties), short-term bank loans and long-term debt. The number below

indicates the decrease/increase in pre-tax profit when the functional currency strengthens 5% against the relevant currency.

	USD Impact		JPY Impact	
	For the Six Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Profit or loss	\$ (566,736)	\$ (540,236)	\$ 27,971	\$ 76,763

b) Interest rate risk

As the Corporation owns assets at both fixed and floating interest rates, the Corporation is exposed to interest rate risk. The Corporation's interest rate risk also comes from borrowings at floating interest rates. Since the Corporation's bank borrowings are at floating interest rates, fluctuations in interest rates will affect cash flow in the future but will not affect the fair value.

The carrying amounts of the Corporation's financial assets and financial liabilities with exposure to interest rate risk at the end of the reporting period were as follows.

	June 30, 2021	December 31, 2020	June 30, 2020
Fair value interest rate risk			
Financial assets	\$ 7,589,702	\$ 8,191,331	\$ 8,856,185
Financial liabilities	407,142	539,175	937,389
Cash flow interest rate risk			
Financial assets	15,725,616	13,384,037	12,755,765
Financial liabilities	28,310,579	32,031,630	30,524,562

Sensitivity analysis

The sensitivity analysis below was determined based on the Corporation's exposure to interest rate risk for non-derivative instruments at the end of the reporting period. For floating rate assets and liabilities, the analysis was prepared assuming the amount of both the assets and the liabilities outstanding at the end of the reporting period was outstanding for the whole year.

If interest rates had been 0.1% higher/lower and all other variables were held constant, the Corporation's pre-tax profit for the six months ended June 30, 2021 and 2020 would decrease/increase by \$6,292 thousand and \$8,884 thousand, respectively, which was mainly attributable to the Corporation's exposure to interest rate risk on its variable-rate net liabilities.

c) Other price risk

The Corporation was exposed to equity price risk through its investments in listed equity securities. Equity investments are held for strategic rather than trading purposes. The Corporation does not actively trade these investments. The Corporation's equity price risk was mainly concentrated on equity instruments in the electronics industry sector quoted in the Taipei Exchange.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 5% higher/lower, pre-tax profit for the six months ended June 30, 2021 and 2020 would have increased/decreased by \$3,783 thousand and \$5,350 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL, and the post-tax other comprehensive income for the six months ended June 30, 2021 and 2020 would have increased/decreased by \$1,767 thousand and \$747 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

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 Corporation. As at the end of the reporting period, the Corporation's maximum exposure to credit risk which will cause a financial loss to the Corporation due to failure of the counterparty to discharge an obligation arises from the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets.

In order to minimize credit risk, the management of the Corporation has set up an approach for credit and accounts receivable management to ensure that follow-up action is taken to recover overdue debt. In addition, the Corporation reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

In this regard, the directors of the Corporation consider that the Corporation's credit risk was significantly reduced.

The credit risk on liquid funds and derivatives was limited because the counterparties are banks with good credit ratings.

The counterparties of trade receivables cover a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of trade receivables.

The Corporation's concentration of credit risk was related to the three largest customers within the Corporation. Besides the aforementioned customers, there was no other customer that accounted for 10% of total gross accounts receivable at any time during the period. The three largest customers are creditworthy counterparts, therefore, the Corporation believes the concentration of credit risk is insignificant for the remaining accounts receivable.

Credit risk management for investments in debt instruments

The Corporation only invests in debt instruments that are rated the equivalent of investment grade or higher and have low credit risk for the purpose of impairment assessment. The credit rating information is supplied by independent rating agencies. The Corporation's exposure and the external credit ratings are continuously monitored. The Corporation reviews changes in bond yields and other public information and makes an assessment whether there has been a significant increase in credit risk since the last period to the reporting date.

The Corporation considers the historical default rates of each credit rating supplied by external rating agencies, the current financial condition of debtors, and industry forecasts to estimate 12-month or lifetime expected credit losses. The Corporation's current credit risk grading framework comprises the following categories:

Category	Description	Basis for Recognizing Expected Credit Losses	Expected Loss Rate
Performing	The counterparty has a low risk of default and a strong capacity to meet contractual cash flows	12-month ECL	-

3) Liquidity risk

The Corporation manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Corporation's operations and mitigate the effects of fluctuations in cash flows. The tables include both interest and principal cash flows.

The Corporation relies on bank borrowings as a significant source of liquidity. As of June 30, 2021, December 31, 2020 and June 30, 2020, the Corporation had available unutilized overdraft and short-term bank loan facilities of approximately \$7,197,360 thousand, \$7,247,360 thousand and \$6,594,840 thousand, respectively.

a) Liquidity and interest rate risk tables for non-derivative financial liabilities

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

Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

June 30, 2021

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Noninterest bearing	\$ 7,031,240	\$ 6,487,708	\$ 1,315,928	\$ -	\$ -
Lease liabilities	8,523	16,079	67,039	246,773	1,641,593
Fixed interest rate liabilities	83,823	31,513	100,210	191,596	-
Variable interest rate liabilities	-	-	-	26,518,884	1,791,695
	<u>\$ 7,123,586</u>	<u>\$ 6,535,300</u>	<u>\$ 1,483,177</u>	<u>\$ 26,957,253</u>	<u>\$ 3,433,288</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	<u>\$ 91,641</u>	<u>\$ 246,773</u>	<u>\$ 236,926</u>	<u>\$ 234,328</u>	<u>\$ 233,688</u>	<u>\$ 936,651</u>

December 31, 2020

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing liabilities	\$ 2,806,529	\$ 4,237,591	\$ 628,488	\$ -	\$ -
Lease liabilities	16,990	30,381	82,976	268,032	1,665,038
Fixed interest rate liabilities	-	129,264	127,881	282,030	-
Variable interest rate liabilities	676,922	-	285,080	28,866,456	2,203,172
	<u>\$ 3,500,441</u>	<u>\$ 4,397,236</u>	<u>\$ 1,124,425</u>	<u>\$ 29,416,518</u>	<u>\$ 3,868,210</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	<u>\$ 130,347</u>	<u>\$ 268,032</u>	<u>\$ 236,763</u>	<u>\$ 234,568</u>	<u>\$ 233,688</u>	<u>\$ 960,019</u>

June 30, 2020

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Noninterest bearing	\$ 7,615,988	\$ 6,381,588	\$ 699,474	\$ -	\$ -
Lease liabilities	18,651	36,842	138,903	293,321	1,688,632
Fixed interest rate liabilities	192,705	241,573	141,091	362,020	-
Variable interest rate liabilities	<u>717,879</u>	<u>1,453,149</u>	<u>101,681</u>	<u>25,571,657</u>	<u>2,680,196</u>
	<u>\$ 8,545,223</u>	<u>\$ 8,113,152</u>	<u>\$ 1,081,149</u>	<u>\$ 26,226,998</u>	<u>\$ 4,368,828</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	<u>\$ 194,396</u>	<u>\$ 293,321</u>	<u>\$ 236,748</u>	<u>\$ 234,808</u>	<u>\$ 233,688</u>	<u>\$ 983,388</u>

b) Liquidity and interest rate risk table for derivative financial liabilities

The following table details the Corporation's liquidity analysis of its derivative financial instruments. The table is based on the undiscounted gross inflows and outflows on those derivatives that require gross settlement.

June 30, 2021

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year
<u>Gross settled</u>			
Foreign exchange forward contracts			
Inflows	\$ 1,784,898	\$ 3,213,997	\$ 80,172
Outflows	<u>(1,773,487)</u>	<u>(3,224,113)</u>	<u>(82,604)</u>
	<u>\$ 11,411</u>	<u>\$ (10,116)</u>	<u>\$ (432)</u>

December 31, 2020

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year
<u>Gross settled</u>			
Foreign exchange forward contracts			
Inflows	\$ 1,514,693	\$ 2,564,140	\$ 36,957
Outflows	<u>(1,487,180)</u>	<u>(2,553,570)</u>	<u>(36,908)</u>
	<u>\$ 27,513</u>	<u>\$ 10,570</u>	<u>\$ 49</u>

June 30, 2020

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year
<u>Gross settled</u>			
Foreign exchange forward contracts			
Inflows	\$ 1,398,447	\$ 1,949,131	\$ 50,368
Outflows	<u>(1,384,662)</u>	<u>(1,934,350)</u>	<u>(50,645)</u>
	<u>\$ 13,785</u>	<u>\$ 14,781</u>	<u>\$ (277)</u>
c) Financing facilities			
	June 30, 2021	December 31, 2020	June 30, 2020
Secured bank loan facilities which may be mutually extended			
Amount used	\$ 10,482,619	\$ 12,107,715	\$ 12,715,456
Amount unused	<u>3,687,500</u>	<u>2,000,000</u>	<u>1,030,000</u>
	<u>\$ 14,170,119</u>	<u>\$ 14,107,715</u>	<u>\$ 13,745,456</u>

27. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between PTI and its subsidiaries, which were related parties of PTI, had been eliminated on consolidation and are not disclosed in this note. Details of transactions between PTI and other related parties are disclosed below.

a. Related Party Name and Relationship

<u>Related Party Name</u>	<u>Relationship with the Corporation</u>
Kioxia Corporation	Substantial related parties
Toshiba International Procurement Hong Kong, Ltd.	Substantial related parties
Toshiba Information Systems (Japan) Corporation	Substantial related parties
Toshiba Trading Inc.	Substantial related parties
Toshiba Corporation	Substantial related parties
Kingston Technology International Ltd.	Substantial related parties
Kingston Digital International Ltd.	Substantial related parties
Kingston Solution, Inc.	Substantial related parties
Kingston Technology Far East Corp.	Substantial related parties
Realtek Singapore Private Limited	Substantial related parties
Realtek Semiconductor Corp.	Substantial related parties
Raymx Microelectronics Corp.	Substantial related parties

b. Sales of goods

Line Items	Related Party Category/Name	For the Three Months Ended June 30		For the Six Months Ended June 30	
		2021	2020	2021	2020
Sales of goods	Substantial related parties				
	Kioxia Corporation	\$ 5,449,242	\$ 5,173,745	\$10,121,551	\$10,360,939
	Others	<u>583,080</u>	<u>530,249</u>	<u>1,169,912</u>	<u>1,193,959</u>
		<u>\$ 6,032,322</u>	<u>\$ 5,703,994</u>	<u>\$11,291,463</u>	<u>\$11,554,898</u>

Sales transactions with related parties were based on normal commercial prices and terms. In general, the payment terms for the sales of the Corporation is from 30 days to 150 days starting from the first day of the month following the invoice date.

c. Purchases

Related Party Category/Name	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Substantial related parties	<u>\$ 257,802</u>	<u>\$ 217,081</u>	<u>\$ 512,516</u>	<u>\$ 384,632</u>

The purchase prices and payment terms were based on negotiations and thus not comparable with those in the market.

d. Operating expenses

Related Party Category/Name	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Substantial related parties	<u>\$ 198</u>	<u>\$ -</u>	<u>\$ 198</u>	<u>\$ -</u>

e. Other gains and losses

Related Party Category	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Substantial related parties	<u>\$ 1,670</u>	<u>\$ 685</u>	<u>\$ 5,723</u>	<u>\$ 307</u>

f. Contract assets

Related Party Category/Name	June 30, 2021	December 31, 2020	June 30, 2020
Substantial related parties			
Kioxia Corporation	\$ 819,262	\$ 858,969	\$ 722,823
Others	<u>54,846</u>	<u>68,879</u>	<u>65,100</u>
	<u>\$ 874,108</u>	<u>\$ 927,848</u>	<u>\$ 787,923</u>

For the six months ended June 30, 2021 and 2020, no impairment loss was recognized for contract assets from related parties.

g. Accounts receivables from related parties (excluding loans to related parties and contract assets)

Line Items	Related Party Category/Name	June 30, 2021	December 31, 2020	June 30, 2020
Accounts receivable from related parties	Substantial related parties			
	Kioxia Corporation	\$ 5,357,895	\$ 5,783,595	\$ 5,140,616
	Others	<u>497,312</u>	<u>500,858</u>	<u>401,071</u>
		<u>\$ 5,855,207</u>	<u>\$ 6,284,453</u>	<u>\$ 5,541,687</u>

The outstanding accounts receivable from related parties are unsecured. For the six months ended June 30, 2021 and 2020, no impairment loss was recognized for accounts receivables from related parties.

h. Payables to related parties (excluding loans from related parties)

Line Items	Related Party Category/Name	June 30, 2021	December 31, 2020	June 30, 2020
Accounts payables from related parties	Substantial related parties			
	Toshiba International Procurement Hong Kong, Ltd.	\$ 192,356	\$ 134,111	\$ 155,336
	Others	<u>69</u>	<u>-</u>	<u>1,812</u>
		<u>\$ 192,425</u>	<u>\$ 134,111</u>	<u>\$ 157,148</u>

The outstanding accounts payable from related parties are unsecured.

i. Other receivables from related parties

Related Party Category/Name	June 30, 2021	December 31, 2020	June 30, 2020
Substantial related parties			
Kioxia Corporation	\$ 7,193	\$ 34,534	\$ 41,687
Raymx Microelectronics Corp.	1,741	-	-
Kingston Technology Far East Corp.	1,616	-	-
Kingston Solution, Inc.	418	10,609	89
Others	<u>188</u>	<u>3,711</u>	<u>3</u>
	<u>\$ 11,156</u>	<u>\$ 48,854</u>	<u>\$ 41,779</u>

j. Other payables from related parties

Related Party Category/Name	June 30, 2021	December 31, 2020	June 30, 2020
Substantial related parties			
Toshiba Trading Inc.	<u>\$ 836</u>	<u>\$ -</u>	<u>\$ 1,865</u>

k. Compensation of key management personnel

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Short-term benefits	\$ 121,195	\$ 91,162	\$ 230,266	\$ 186,373
Post-employment benefits	<u>532</u>	<u>459</u>	<u>1,054</u>	<u>918</u>
	<u>\$ 121,727</u>	<u>\$ 91,621</u>	<u>\$ 231,320</u>	<u>\$ 187,291</u>

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

28. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets had been pledged or mortgaged as collateral mainly for long-term debt, guarantee deposits for exports, L/C and bonded inventories.

	June 30, 2021	December 31, 2020	June 30, 2020
Property, plant and equipment	\$ 15,352,541	\$ 15,405,024	\$ 17,423,248
Pledge deposits (classified as financial assets at amortized cost - current)	25,300	26,200	26,031
Restricted deposits (classified as financial assets at amortized cost - current)	-	129,093	265,215
Pledge deposits (classified as financial assets at amortized cost - non-current)	<u>88,874</u>	<u>88,874</u>	<u>88,874</u>
	<u>\$ 15,466,715</u>	<u>\$ 15,649,191</u>	<u>\$ 17,803,368</u>

29. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

The Corporation's significant commitments and contingencies as of June 30, 2021 were as following:

- From September 2017 to September 2018, PTI signed a contract worth \$1,811,372 thousand with Jian Ming Contractor Co., Ltd. for factory engineering. As of June 30, 2021, PTI has paid a total of \$1,464,472 thousand.
- From October 2019 to March 2020, PTI signed a purchase agreement of equipment worth \$536,837 thousand with DISCO Corporation. As of June 30, 2021, PTI has paid a total of \$536,837 thousand.
- From February 2020 to September 2020, PTI signed a purchase agreement of equipment worth \$604,912 thousand with Nextest Systems Corporation. As of June 30, 2021, PTI has paid a total of \$604,912 thousand.
- From November 2019 to December 2020, PTI signed a purchase agreement of equipment worth \$1,047,751 thousand with Kulicke & Soffa Pte. Ltd. As of June 30, 2021, PTI has paid a total of \$824,780 thousand.

- e. From January 2020 to July 2020 and August 2020 to June 2021, TeraPower Technology Inc. signed the purchase agreements of equipment worth \$501,092 thousand and \$703,687 thousand with Advantest Corporation, respectively. As of June 30, 2021, TeraPower Technology Inc. has paid \$366,864 thousand and \$152,670 thousand, respectively.
- f. In March 2021, Greatek Electronics Inc. signed a contract worth \$510,000 thousand with Jian Ming Contractor Co., Ltd. to setup a new plant. As of June 30, 2021, Greatek Electronics Inc. has paid a total of 153,000 thousand.
- g. In June 2021, Greatek Electronics Inc. signed a contract worth \$980,000 thousand with Jiu Han Engineering Co., Ltd. to setup a MEP systems. As of June 30, 2021, Greatek Electronics Inc. has no paid.

30. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Corporation's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between the foreign currencies and respective functional currencies were as follows:

	June 30, 2021		
	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 545,846	27.8700 (USD:NTD)	\$ 15,212,728
USD	10,317	6.4612 (USD:RMB)	287,535
USD	8,721	110.5400 (USD:JPY)	243,054
JPY	538,328	0.2521 (JPY:NTD)	135,712
JPY	2,722	0.0584 (JPY:RMB)	686
JPY	336,868	0.0090 (JPY:USD)	84,924
SGD	1,467	0.7440 (SGD:USD)	30,417
RMB	16,257	0.1548 (RMB:USD)	70,123
RMB	7,814	4.3134 (RMB:NTD)	<u>33,705</u>
			<u>\$ 16,098,884</u>
Non-monetary items			
USD	526	27.8700 (USD:NTD)	\$ 14,673
JYP	105	0.2521 (JPY:NTD)	27
RMB	472	4.3134 (RMB:NTD)	<u>2,036</u>
			<u>\$ 16,736</u>

(Continued)

June 30, 2021			
	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 151,224	27.8700 (USD:NTD)	\$ 4,214,613
USD	3,535	6.4612 (USD:RMB)	98,520
USD	3,425	110.5400 (USD:JPY)	95,455
EUR	1,122	33.1681 (EUR:NTD)	37,215
JPY	2,841,501	0.2521 (JPY:NTD)	716,342
JPY	21,198	0.0584 (JPY:RMB)	5,344
JPY	234,270	0.0090 (JPY:USD)	59,059
SGD	110	0.7440 (SGD:USD)	2,281
RMB	20,313	0.1548 (RMB:USD)	<u>87,618</u>
			<u>\$ 5,316,447</u>
Non-monetary items			
USD	377	27.8700 (USD:NTD)	\$ 10,502
JPY	17,530	0.2521 (JPY:NTD)	4,419
RMB	221	4.3134 (RMB:NTD)	<u>952</u>
			<u>\$ 15,873</u>
			(Concluded)

December 31, 2020			
	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 487,991	28.5080 (USD:NTD)	\$ 13,911,647
USD	10,100	6.5398 (USD:RMB)	287,931
USD	10,348	103.1050 (USD:JPY)	295,001
JPY	657,911	0.2765 (JPY:NTD)	181,912
JPY	23,395	0.0634 (JPY:RMB)	6,469
JPY	304,417	0.0097 (JPY:USD)	84,171
SGD	2,044	0.7843 (SGD:USD)	45,702
RMB	42,033	0.1529 (RMB:USD)	183,230
RMB	9,885	4.3592 (RMB:NTD)	<u>43,091</u>
			<u>\$ 15,039,154</u>
Non-monetary items			
USD	1,320	28.5080 (USD:NTD)	\$ 37,621
JPY	7,310	0.2765 (JPY:NTD)	2,021
RMB	900	4.3592 (RMB:NTD)	<u>3,925</u>
			<u>\$ 43,567</u>
			(Continued)

December 31, 2020			
	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 126,956	28.5080 (USD:NTD)	\$ 3,619,262
USD	2,304	6.5398 (USD:RMB)	65,682
USD	4,726	103.1050 (USD:JPY)	134,729
EUR	871	35.0563 (EUR:NTD)	30,534
JPY	2,024,221	0.2765 (JPY:NTD)	559,697
JPY	28,912	0.0634 (JPY:RMB)	7,994
JPY	232,296	0.0097 (JPY:USD)	64,230
RMB	19,818	0.1529 (RMB:USD)	86,391
SGD	1,478	0.7843 (SGD:USD)	<u>33,047</u>
			<u>\$ 4,601,566</u>
Non-monetary items			
USD	188	28.5080 (USD:NTD)	\$ 5,369
JPY	239	0.2765 (JPY:NTD)	<u>66</u>
			<u>\$ 5,435</u>
			(Concluded)

June 30, 2020			
	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 534,216	29.66 (USD:NTD)	\$ 15,844,847
USD	37,408	7.0741 (USD:RMB)	1,109,521
USD	14,636	107.72 (USD:JPY)	434,104
JPY	446,471	0.2753 (JPY:NTD)	122,913
JPY	23,196	0.0657 (JPY:RMB)	6,386
JPY	2,039,290	0.0093 (JPY:USD)	561,417
SGD	2,665	0.7165 (SGD:USD)	56,636
RMB	14,897	0.1414 (RMB:USD)	62,460
RMB	20,479	4.1928 (RMB:NTD)	<u>85,864</u>
			<u>\$ 18,284,148</u>
Non-monetary items			
USD	984	29.66 (USD:NTD)	\$ 29,176
JPY	9,892	0.2753 (JPY:NTD)	<u>2,724</u>
			<u>\$ 31,900</u>
			(Continued)

	June 30, 2020		
	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 205,321	29.66 (USD:NTD)	\$ 6,089,821
USD	9,305	7.0741 (USD:RMB)	275,986
USD	7,348	107.72 (USD:JPY)	217,942
EUR	2,362	33.2859 (EUR:NTD)	78,621
JPY	6,388,608	0.2753 (JPY:NTD)	1,758,784
JPY	32,195	0.0657 (JPY:RMB)	8,863
JPY	1,664,861	0.0093 (JPY:USD)	458,336
SGD	71	0.7165 (SGD:USD)	1,509
RMB	15,831	0.1414 (RMB:USD)	<u>66,376</u>
			<u>\$ 8,956,238</u>
Non-monetary items			
USD	31	29.66 (USD:NTD)	\$ 908
JPY	9,818	0.2753 (JPY:NTD)	<u>2,703</u>
			<u>\$ 3,611</u>
			(Concluded)

For the three and six months ended June 30, 2021 and 2020, realized and unrealized net foreign exchange losses were \$245,910 thousand, \$146,531 thousand, \$254,349 thousand and \$55,346 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and currencies of the entities in the Corporation.

31. SEPARATELY DISCLOSED ITEMS

Except for the following, the Corporation has no other significant transactions, investees and investments in mainland China that need to be disclosed as required by the Securities and Futures Bureau.

- a. Financing provided to others: Table 1 (attached).
- b. Endorsements/guarantees provided: Table 2 (attached).
- c. Marketable securities held: Table 3 (attached).
- d. Marketable securities acquired or disposed of at costs or prices amounting to at least NT\$300 million or 20% of the paid-in capital: None.
- e. Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: Table 4 (attached).
- f. Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None.
- g. Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital: Table 5 (attached).

- h. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 6 (attached).
- i. Derivative transactions: Note 7.
- j. Intercompany relationships and significant intercompany transactions: Table 7 (attached).
- k. Information of investees: Table 8 (attached).
- l. Information on investment in mainland China: Table 9 (attached)

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 investments at the end of the period, repatriations of investment income, and limit on the amount of investments in the mainland China area: Note 31 (j).

- m. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: None.

32. SEGMENT INFORMATION

The revenues, operating results and financial information of each plant presented to the chief operating decision maker are consistent with the information in the consolidated financial statements. The segment revenues and operating results for the six months ended June 30, 2021 and 2020 are shown in the consolidated income statements for the six months ended June 30, 2021 and 2020. The segment assets as of June 30, 2021, December 31, 2020 and June 30, 2020 are shown in the consolidated balance sheets as of June 30, 2021, December 31, 2020 and June 30, 2020.

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE SIX MONTHS ENDED JUNE 30, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 2)	Aggregate Financing Limits (Note 2)	Note
													Item	Value			
1	Tera Probe, Inc.	Tera Probe Aizu, Inc.	Other receivables	Note 1	\$ 191,596	\$ 191,596	\$ 166,386	1.0%	For short term financing	\$ -	Working capital	\$ -	-	\$ -	\$ 277,554	\$ 555,109	-

Note 1: Direct investments, the Corporation's wholly-owned subsidiaries.

Note 2: The amount of financing provided by Tera Probe, Inc. to any individual shall not exceed five percent of Tera Probe, Inc.'s net worth. The aggregate amount of financing available shall not exceed ten percent of Tera Probe, Inc.'s net worth.

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES GIVEN TO OTHER PARTIES
FOR THE SIX MONTHS ENDED JUNE 30, 2021
(In Thousands of New Taiwan Dollars)

Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 2)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity In Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement /Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement /Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement /Guarantee Given on Behalf of Companies in Mainland China	Note
	Name	Relationship											
Powertech Technology Inc.	Powertech Technology (Singapore) Pte. Ltd.	Note 1	\$ 4,570,326	\$ 836,100	\$ 836,100	\$ -	\$ -	1.83	\$ 22,851,632	Yes	-	-	-

Note 1: Direct investments; the Corporation's 100% owned subsidiary.

Note 2: The amount of guarantees provided by PTI to any individual entity shall not exceed ten percent of PTI's net worth. The aggregate guarantee amount shall not exceed fifty percent of PTI's net worth.

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
JUNE 30, 2021
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	June 30, 2021				Note	
				Number of Shares (In Thousands)	Carrying Value	% of Ownership	Fair Value		
Powertech Technology Inc.	<u>Share</u> Solid state system Co., Ltd.	-	Financial assets at fair value through other comprehensive profit or loss - non-current	2,053	\$ 35,336	3	\$ 35,336	Note 3	
Greatek Electronics Inc.	<u>Fund</u> Yuanta Taiwan High-yield Leading Company Fund A	-	Financial assets at fair value through profit or loss - current	5,000	75,650	-	75,650	Note 4	
	<u>Bond</u> P06 Taipower 1A	-	Financial assets at amortized cost. - current	300	300,000	-	301,533	Note 2	
	P06 Taipower 3A	-	Financial assets at amortized cost. - current	50	50,000	-	50,258	Note 2	
	P06 FPC 1A	-	Financial assets at amortized cost. - current	50	50,000	-	50,000	Note 2	
	P08 Taipower 3A	-	Financial assets at amortized cost. - non-current	100	100,001	-	100,603	Note 2	
	P06 Taipower 3A	-	Financial assets at amortized cost. - non-current	50	50,000	-	50,258	Note 2	
	<u>Share</u> Powertech Technology Inc.	Greatek Electronics Inc.'s parent company	-	Financial assets at fair value through other comprehensive profit or loss - non-current	7,889	848,068	1	848,068	Note 1
	SAMHOP Microelectronics Corp.	-	Financial assets at fair value through profit or loss - non-current	268	-	3	-	Note 5	
	Terawins Inc.	-	Financial assets at fair value through profit or loss - non-current	643	-	2	-	Note 5	
	Airwave Technologies Inc.	-	Financial assets at fair value through profit or loss - non-current	93	-	1	-	Note 5	

Note 1: The fair value was based on stock closing price as of June 30, 2021.

Note 2: The fair value was based on trading market in hundreds of new Taiwan dollars as of June 30, 2021.

Note 3: The fair value of ordinary shares was based on stock closing price, and the fair value of privately placed shares was determined using valuation techniques as of June 30, 2021.

Note 4: The fair value was based on the net asset value of the fund as of June 30, 2021.

Note 5: The fair value was based on the carrying value as of June 30, 2021.

Note 6: As of June 30, 2021, the above marketable securities had not been pledged or mortgaged.

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE SIX MONTHS ENDED JUNE 30, 2021

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
Greatek Electronics Inc.	Building	2021.03.10	\$ 510,000	\$ 153,000	Jian Ming Contractor Co., Ltd.	None	Not applicable	Not applicable	Not applicable	Not applicable	Self-built not applicable	Plant expansion	None
	Land	2021.05.12	330,802	330,802	Orgchem Technologies, Inc.	None	Not applicable	Not applicable	Not applicable	Not applicable	The two sides agree	Plant expansion	None
	MEP system	2021.06.17	980,000	-	Jiu Han Engineering Co., Ltd.	None	Not applicable	Not applicable	Not applicable	Not applicable	The two sides agree	Plant expansion	None

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

TOTAL PURCHASE FROM OR SALE TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE SIX MONTHS ENDED JUNE 30, 2021
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts (Payable) Receivable		Note
			Purchase/Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Powertech Technology Inc.	Kioxia Corporation Kingston Technology International Ltd.	Corporate director's parent company The ultimate parent company of the related party is the juristic-person director of the Corporation.	Sale	\$ 9,964,030	42	Note 1	\$ -	-	\$ 5,267,917	54	-
			Sale	391,968	2	Note 1	-	-	124,934	1	-
Greatek Electronics Inc.	Toshiba International Procurement Hong Kong Ltd.	Corporate director's sister company	Purchase	512,448	6	Note 1	-	-	(192,356)	(4)	-
	Realtek Semiconductor Corp.	Parent company of Greatek Electronics Inc.'s corporate supervisor.	Sale	548,755	6	Net 60 days from monthly closing date	Note 2	Quite	293,450	7	-
	Realtek Singapore Private Limited	Same parent company of Greatek Electronic Inc.'s corporate supervisor.	Sale	128,689	1	Net 60 days from monthly closing date	Note 2	Quite	51,261	1	-
	Powertech Technology Inc.	Parent company of Greatek Electronics Inc.	Sale	120,057	1	Net 90 days from monthly closing date	Note 2	Quite	83,696	2	-

Note 1: 30th to 90th days after the end of the month of the invoice date.

Note 2: The sales price of goods Greatek Electronics Inc. sold to related parties is determined based on general trading practices.

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

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

JUNE 30, 2021

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Powertech Technology Inc.	Kioxia Corporation	Corporate director's parent company	\$ 5,267,917	3.63	\$ -	-	\$ 1,499,590	\$ -
	Kingston Technology International Ltd.	The ultimate parent company of the related party is the juristic-person director of the Corporation.	124,934	5.64	-	-	65,456	-
Greatek Electronics Inc.	Realtek Semiconductor corp.	Parent company of Greatek Electronics Inc.'s corporate supervisor.	293,450	4.10	-	-	114,331	-

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2021
(In Thousands of New Taiwan Dollars)

No.	Company Name	Counterparty	Transaction Flow	Intercompany Transactions					
				Financial Statement Item	Amount	Terms	Percentage to Consolidated Total Gross Sales or Total Assets		
0	Powertech Technology Inc.	Greatek Electronics Inc.	1	Sales	\$ 3,952	Note 3	-		
		TeraPower Technology Inc.	1	Sales	7,979	Note 3	-		
		Powertech Technology (Suzhou) Ltd.	1	Purchase	6,632	Note 2	-		
		Powertech Technology (Suzhou) Ltd.	1	Subcontract costs	368,245	Note 2	1%		
		Greatek Electronics Inc.	1	Subcontract costs	114,254	Note 2	-		
		TeraPower Technology Inc.	1	Subcontract costs	24,521	Note 2	-		
		Powertech Technology (Xian) Ltd.	1	Payables to equipment suppliers	221	Note 2	-		
		TeraPower Technology Inc.	1	Accounts receivable from related parties	2,126	Note 3	-		
		Greatek Electronics Inc.	1	Accounts receivable from related parties	1,905	Note 3	-		
		Powertech Technology (Xian) Ltd.	1	Other receivables from related parties	87,616	Note 2	-		
		Greatek Electronics Inc.	1	Other receivables from related parties	756,600	Note 2	1%		
		Powertech Technology (Suzhou) Ltd.	1	Other receivables from related parties	20,868	Note 2	-		
		Powertech Technology Akita Inc.	1	Other receivables from related parties	322	Note 2	-		
		TeraPower Technology Inc.	1	Other receivables from related parties	79,195	Note 2	-		
		Powertech Technology (Suzhou) Ltd.	1	Disposal of property, plant and equipment	8,333	Note 2	-		
		Powertech Technology Akita Inc.	1	Purchase of property, plant and equipment	31,631	Note 2	-		
		Powertech Technology (Suzhou) Ltd.	1	Purchase of property, plant and equipment	59,903	Note 2	-		
		Powertech Technology (Singapore) Pte. Ltd.	1	Purchase of property, plant and equipment	134,987	Note 2	-		
		1	Tera Probe, Inc.	Powertech Technology (Suzhou) Ltd.	1	Other payables to related parties	51,291	Note 2	-
				Greatek Electronics Inc.	1	Other payables to related parties	106,636	Note 2	-
TeraPower Technology Inc.	1			Other payables to related parties	50,943	Note 2	-		
Powertech Technology (Japan) Ltd.	1			Other payables to related parties	9,921	Note 2	-		
Powertech Technology Akita Inc.	1			Other payables to related parties	33,402	Note 2	-		
Tera Probe, Inc.	1			Other payables to related parties	414	Note 2	-		
TeraPower Technology Inc.	1			Other receivables from related parties	3,933	Note 2	-		

Note 1: No. 1 - from the parent company to the subsidiary. No. 2 - from the subsidiary to the subsidiary.

Note 2: The transactions for related parties were based on negotiations and thus not comparable with those in the market.

Note 3: The selling prices with subsidiaries were negotiated and thus not comparable with those in the market, and the collection period with subsidiaries was same as common customer.

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

INFORMATION OF INVESTEEES

JUNE 30, 2021

(In Thousands of New Taiwan Dollars)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of June 30, 2021			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				June 30, 2021	December 31, 2020	Number of Shares (In Thousands)	% of Ownership	Carrying Value			
Powertech Technology Inc.	TeraPower Technology Inc.	Hsin-chu	Wafer probing test services	\$ 1,153,964	\$ 1,153,964	73,386	49	\$ 2,579,106	\$ 317,025	\$ 201,679	Notes 1 and 2
	POWERTECH HOLDING(BVI) INC.	BVI	Investment business	1,679,370	1,679,370	50	100	1,159,024	40,271	30,442	Notes 1 and 2
	Greatek Electronics Inc.	Miaoli	Semiconductor assembly and testing service	6,169,948	6,169,948	244,064	43	8,534,423	2,067,592	884,225	Notes 1 and 2
	Powertech Technology (Singapore) Pte. Ltd.	Singapore	Investment business	USD 85,000	USD 85,000	85,000	100	1,615,975	544,492	541,943	Notes 2 and 3
	Powertech Technology Japan Ltd.	Japan	Investment business	USD 103,052	USD 103,052	-	100	2,894,408	78,017	161,787	Note 3
POWERTECH HOLDING(BVI)INC.	Tera Probe, Inc.	Japan	Wafer probing test services	\$ 230,616	\$ 230,616	1,077	12	357,301	158,709	23,928	Note 3
	PTI TECHNOLOGY (SINGAPORE)PTE. LTD.	Singapore	Investment business	USD 51,000	USD 51,000	103	100	USD 40,796	USD 1,432	USD 1,432	Note 3
	Powertech Technology Japan Ltd.	Japan	Wafer probing test services	USD 43,963	USD 43,963	4,440	49	USD 97,226	USD 5,633	USD 2,749	Note 3
Tera Probe, Inc.	Powertech Technology Akita Inc.	Japan	Semiconductor assembly and testing service	USD 58,329	USD 58,329	6	100	USD 10,305	USD 269	USD 269	Note 3
	TeraPower Technology Inc.	Hsin-chu	Wafer probing test services	JPY4,348,056	JPY4,348,056	76,381	51	JPY4,348,056	JPY1,219,723	JPY 622,058	Note 1
	Tera Probe Aizu, Inc.	Japan	Wafer probing test services	JPY 221,616	JPY 221,616	180	100	JPY 221,616	JPY (166,904)	JPY (166,904)	Note 3

Note 1: Amount was recognized on the basis of reviewed financial statements.

Note 2: Including unrealized intercompany gains (losses).

Note 3: Amount was recognized on the basis of unreviewed financial statements.

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA

JUNE 30, 2021

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company Accounted for Using the Equity Method	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2021	Net Income (Loss) of the Investee	Percentage of Ownership in Investment	Investment Gain (Loss) (Note 2)	Carrying Value as of June 30, 2021 (Note 2)	Accumulated Inward Remittance of Earnings as of June 30, 2021	Note
					Outflow	Inflow							
Powertech Technology (Suzhou) Ltd.	Semiconductor testing and assembly services	\$ 2,787,000 (US\$ 100,000)	Note 1	\$ 1,421,370 (US\$ 51,000)	\$ -	\$ -	\$ 1,421,370 (US\$ 51,000)	\$ 56,213 (US\$ 1,989)	100%	\$ 56,306 (US\$ 1,992)	\$ 1,649,010 (US\$ 59,167)	\$ -	-
Powertech Technology (Xian) Ltd.	Semiconductor testing and assembly services	1,950,900 (US\$ 70,000)	Note 1	1,845,412 (US\$ 66,215)	-	156,351 (US\$ 5,610)	1,689,061 (US\$ 60,605)	263,581 (US\$ 9,352)	100%	263,581 (US\$ 9,352)	2,394,459 (US\$ 85,915)	261,839 (US\$ 9,395)	-

Investee Company Accounted for Using the Equity Method	Accumulated Investment in Mainland China as of June 30, 2021 (US\$ in Thousands)	Investment Amounts Authorized by the Investment Commission, MOEA (US\$ in Thousands)	Ceiling Amount on of the Corporation's Investment in Mainland China
Powertech Technology (Suzhou) Ltd.	US\$ 51,000	US\$ 79,000	\$27,421,958
Powertech Technology (Xian) Ltd.	US\$ 60,605	US\$ 70,000	

Note 1: Indirect investments through Powertech Holding (BVI) Inc., the Corporation's 100%-owned subsidiaries.

Note 2: Amount was recognized on the basis of reviewed financial statements.

Note 3: Based on the exchange rate as of June 30, 2021.