Eastech Holding Limited and Subsidiaries

Consolidated Financial Statements for the Six Months Ended June 30, 2021 (Audited) and for the Six Months Ended June 30, 2020 (Reviewed) and Independent Auditors' Report

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

For the convenience of readers, 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 consolidated financial statements shall prevail.

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Eastech Holding Limited

Qualified Opinion

We have audited the accompanying consolidated financial statements of Eastech Holding Limited ("Eastech") and subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of June 30, 2021 and the consolidated statements of comprehensive income for the three months ended and six months ended June 30, 2021 as well as the consolidated statements of changes in equity and cash flows for the six months ended June 30, 2021, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2021, and its consolidated financial performance for the three months ended June 30, 2021, as well as its consolidated financial performance and consolidated cash flows for the six months ended June 30, 2021 in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards 34 (IAS 34) recognized and issued by Financial Supervisory Commission.

Basis for Qualified Opinion

As disclosed in Note 4 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 audited. As of June 30, 2021, combined the total assets of these non-significant subsidiaries were $880,460 thousand, representing 15% of the consolidated total assets, and combined total liabilities of these non-significant subsidiaries were $881,207 thousand, representing 18% of the consolidated total liabilities, and combined comprehensive income for the three months ended June 30, 2021 is $368 thousand and combined comprehensive income for the six months ended June 30, 2021 is $(72,893) thousand representing 3% and 62%, respectively of the consolidated comprehensive income. Because we had no access to the financial information or and management of these non-significant subsidiaries, we were unable to obtain sufficient appropriate audit evidence regarding such amounts. Consequently, we were unable to exercise judgment on whether any adjustments to these amounts were necessary.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the six months ended June 30, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion section, we have determined the matters described below as the key audit matters to be communicated in our report:

Key audit matters for the Group's consolidated financial statements for the six months ended June 30, 2021 are stated as follows:

Revenue Recognition

The Group is the original equipment and design (OEM/ODM) manufacturer of speaker systems, and audio-visual electronics products. Major customers are internationally renowned audio-visual brand enterprises and not related to each other.

Based on the importance of revenue, it is presumed there is a significant risk in revenue recognition because of the pressure from management for achieving the planned results. The main risk is whether revenue occurs. Please refer to Note 4 of the consolidated financial statements for the accounting policy about revenue.

Our key audit procedures performed in respect of the above area included the following:

1. The Group is an OEM/ODM manufacturer, its business model is according to the orders of the brand customers for stock preparation and production. Our focus is whether revenue occurs actually.

2. The tests for internal control include: Whether the sales orders have been supported by a corresponding orders from international brand enterprises, whether the sales orders are approved by the appropriate supervisor, delivery orders are approved by the unit manager.

3. Perform the following analytical procedures:

   Analysis for revenue of major customers in the current year compared to prior year.

4. We performed testing over major customer contracts by reviewing the terms and conditions of sale, agreeing the accounting treatment and revenue recognition applied; and assessing if IFRS 15 is complied with.

Impairment on Accounts Receivable

Accounts receivable accounted for significant balance of the Group's balance sheet, which is a significant asset.

The Group's major customers are internationally renowned audio-visual brand enterprises. The related accounts receivable are more concentrated, and the credit period of these international brands are longer. In addition, we are particularly concerned about this risk because the recoverability and impairment of accounts receivable involve management's judgements. Please refer to Notes 4 and 8 in the consolidated financial statement for related accounting policy and relevant disclosure information.

Our key audit procedures performed in respect of the above area included the following:

1. We evaluated the doubtful debt provision for accounts receivable by testing the aging of amounts due at the balance sheet date to understand and quantify the potential risk in overdue balances.

2. For amounts that were past due and not yet recovered we reviewed the client's historic payment record and financial status to assess whether the overall doubtful debt accounts receivable provision is sufficient. In addition, we also tested by vouching cash receipts after the year end date to consider whether an additional provision is required.

Other Matters

The consolidated financial statements for the six months ended June 30, 2020 of the Group was also reviewed by us. We had issued the auditor's review report which had unqualified conclusion on August 6, 2020. 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.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards 34 (IAS 34) recognized and issued by Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the six months ended June 30, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditor's report are Chin-Chuan Shih and Shu-Lin Liu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

August 20, 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.

EASTECH HOLDING LIMITED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

	June 30, 2021 (Audited)		December 31, 2020 (Audited)	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	$ 667,526	11.16	$ 1,109,289	17.32
Financial assets at fair value through profit or loss (Note 7)	3,645	0.06	260	-
Notes and accounts receivable, net (Notes 8, 19 and 23)	1,772,228	29.64	1,943,005	30.35
Inventories (Notes 10 and 23)	1,085,177	18.15	1,233,314	19.26
Restricted assets (Notes 6 and 23)	12,022	0.20	21,047	0.33
Non-current assets held for sale (Notes 4 and 11)	632,902	10.59	-	-
Income tax refund recoverable	856	0.02	4	-
Other receivables and prepayments (Note 9)	426,450	7.13	486,386	7.60
Total current assets	4,600,806	76.95	4,793,305	74.86
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Note 7)	83,496	1.39	83,496	1.31
Property, plant and equipment (Notes 12 and 23)	1,029,434	17.22	1,052,738	16.44
Right-of-use assets (Note 13)	79,994	1.34	185,875	2.90
Intangible assets (Notes 14 and 23)	179,209	3.00	275,206	4.30
Deferred tax assets (Note 4)	6,279	0.10	12,154	0.19
Total non-current assets	1,378,412	23.05	1,609,469	25.14
TOTAL	$ 5,979,218	100.00	$ 6,402,774	100.00
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term bank borrowings (Note 15)	$ 1,015,714	16.99	$ 1,142,073	17.84
Notes and accounts payable (Note 16)	1,444,430	24.16	3,016,480	47.11
Lease liabilities - current (Note 13)	21,514	0.36	22,524	0.35
Liabilities directly associated with non-current assets held for sale (Notes 4 and 11)	1,003,160	16.78	-	-
Current tax liabilities (Note 4)	17,906	0.30	2,449	0.04
Other payables (Note 16)	1,046,148	17.49	590,169	9.22
Total current liabilities	4,548,872	76.08	4,773,695	74.56
NON-CURRENT LIABILITIES				
Lease liabilities - non-current (Note 13)	16,162	0.27	60,551	0.94
Long-term bank borrowings (Note 15)	279,650	4.68	269,795	4.21
Deferred tax liabilities (Note 4)	63,371	1.06	109,263	1.71
Other payable - non-current	6,237	0.10	7,689	0.12
Total non-current liabilities	365,420	6.11	447,298	6.98
Total liabilities	4,914,292	82.19	5,220,993	81.54
EQUITY (Note 18)				
Share capital - common stock	614,180	10.27	614,550	9.60
Capital surplus	745,776	12.47	779,951	12.18
Treasury shares	(24,019)	(0.40)	(24,019)	(0.37)
Exchange differences on translating the financial statements of foreign operations	(69,423)	(1.16)	(186,751)	(2.92)
Employee unearned benefits	(1,048)	(0.02)	(2,490)	(0.04)
Unrealized losses on financial assets at fair value through other comprehensive income	(29,950)	(0.50)	(29,950)	(0.47)
Retained earnings				
Legal reserve	5,898	0.10	65,002	1.02
Accumulated deficit	(110,365)	(1.85)	(34,512)	(0.54)
Equity directly associated with non-current assets held for sale (Notes 4 and 11)	(66,123)	(1.10)	-	-
Total equity	1,064,926	17.81	1,181,781	18.46
TOTAL	$ 5,979,218	100.00	$ 6,402,774	100.00

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

(With Deloitte & Touche auditors report dated August 20, 2021)

EASTECH HOLDING LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2021 (Audited)		2020 (Reviewed)		2021 (Audited)		2020 (Reviewed)	
	Amount	%	Amount	%	Amount	%	Amount	%
NET REVENUE (Note 19)	$ 2,504,681	100.00	$ 1,896,250	100.00	$ 4,413,209	100.00	$ 3,054,349	100.00
COST OF REVENUE (Note 10)	2,226,410	88.89	1,762,122	92.93	4,031,590	91.35	2,902,909	95.04
GROSS PROFIT	278,271	11.11	134,128	7.07	381,619	8.65	151,440	4.96
OPERATING EXPENSES								
Selling and distribution	36,976	1.47	27,180	1.43	78,679	1.78	74,914	2.45
General and administrative (Note 8)	218,836	8.74	211,524	11.16	406,511	9.21	449,480	14.72
Total operating expenses	255,812	10.21	238,704	12.59	485,190	10.99	524,394	17.17
PROFIT (LOSS) FROM OPERATIONS	22,459	0.90	(104,576)	(5.52)	(103,571)	(2.34)	(372,954)	(12.21)
NON-OPERATING INCOME AND EXPENSES								
Other income (Note 19)	52,399	2.09	6,327	0.34	72,550	1.64	31,468	1.03
Foreign exchange gain (loss), net (Note 25)	(1,561)	(0.06)	6,393	0.34	(13,377)	(0.30)	(6,480)	(0.21)
Finance costs (Note 19)	(8,965)	(0.36)	(7,350)	(0.39)	(18,241)	(0.41)	(13,211)	(0.43)
Other losses (Note 19)	(9,463)	(0.38)	(522)	(0.03)	(24,967)	(0.57)	(713)	(0.03)
Total non-operating income and expense	32,410	1.29	4,848	0.26	15,965	0.36	11,064	0.36
PROFIT (LOSS) BEFORE INCOME TAX	54,869	2.19	(99,728)	(5.26)	(87,606)	(1.98)	(361,890)	(11.85)
INCOME TAX (EXPENSE) BENEFIT (Notes 4 and 20)	(20,201)	(0.81)	9,348	0.49	(22,759)	(0.52)	10,222	0.34
NET PROFIT (LOSS) FOR THE PERIOD	34,668	1.38	(90,380)	(4.77)	(110,365)	(2.50)	(351,668)	(11.51)
OTHER COMPREHENSIVE INCOME (NET OF INCOME TAX)								
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating foreign operations	(22,524)	(0.90)	(34,003)	(1.79)	(7,899)	(0.18)	(44,305)	(1.45)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	$ 12,144	0.48	$ (124,383)	(6.56)	$ (118,264)	(2.68)	$ (395,973)	(12.96)
EARNINGS (LOSS) PER SHARE (Note 21)								
Basic earnings (loss) per share after income tax	$ 0.57		$ (1.48)		$ (1.81)		$ (5.76)	
Diluted earnings (loss) per share after income tax	$ 0.57		$ (1.48)		$ (1.81)		$ (5.76)	

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

(With Deloitte & Touche auditors report dated August 20, 2021)

EASTECH HOLDING LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)

	Share Capital - Common Stock	Capital Surplus	Treasury Shares	Exchange Differences on Translating Foreign Operations	Employee Unearned Benefit	Unrealized Losses on Financial Assets at Fair Value Through Other Comprehensive Income	Legal Reserve	Unappropriated Earnings	Equity Directly Associated with Non-current Assets Held for Sale	Total Equity
BALANCE AT JANUARY 1, 2020	$ 615,040	$ 759,962	$ (24,019)	$ (178,006)	$ (8,801)	$ (29,950)	$ 56,989	$ 681,200	$ -	$ 1,872,415
Appropriation of 2019 earnings										
Cash dividends	-	-	-	-	-	-	-	(31,343)	-	(31,343)
Cash dividends distributed to the subsidiaries which adjusted to capital surplus	-	231	-	-	-	-	-	-	-	231
Legal reserve of subsidiaries	-	-	-	-	-	-	8,013	(8,013)	-	-
Cancellation of restricted shares for employees	(490)	(998)	-	-	1,488	-	-	-	-	-
Compensation costs of restricted shares plan for employees	-	-	-	-	2,002	-	-	-	-	2,002
Compensation costs of employee stock options	-	8,996	-	-	-	-	-	-	-	8,996
Net loss for the six months ended June 30, 2020	-	-	-	-	-	-	-	(351,668)	-	(351,668)
Other comprehensive loss for the six months ended June 30, 2020	-	-	-	(44,305)	-	-	-	-	-	(44,305)
BALANCE AT JUNE 30, 2020	$ 614,550	$ 768,191	$ (24,019)	$ (222,311)	$ (5,311)	$ (29,950)	$ 65,002	$ 290,176	$ -	$ 1,456,328
BALANCE AT JANUARY 1, 2021	$ 614,550	$ 779,951	$ (24,019)	$ (186,751)	$ (2,490)	$ (29,950)	$ 65,002	$ (34,512)	$ -	$ 1,181,781
Reclassification of the equity directly associated with non-current assets held for sale	-	-	-	125,227	-	-	(59,104)	-	(66,123)	-
Cancellation of restricted shares for employees	(370)	(780)	-	-	1,150	-	-	-	-	-
Compensation costs of restricted shares plan for employees	-	-	-	-	292	-	-	-	-	292
Compensation costs of employee share options	-	1,117	-	-	-	-	-	-	-	1,117
Appropriation of profit or loss	-	(34,512)	-	-	-	-	-	34,512	-	-
Net profit for the six months ended June 30, 2021	-	-	-	-	-	-	-	(110,365)	-	(110,365)
Other comprehensive income for the six months ended June 30, 2021	-	-	-	(7,899)	-	-	-	-	-	(7,899)
BALANCE AT JUNE 30, 2021	$ 614,180	$ 745,776	$ (24,019)	$ (69,423)	$ (1,048)	$ (29,950)	$ 5,898	$ (110,365)	$ (66,123)	$ 1,064,926

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

(With Deloitte & Touche auditors report dated August 20, 2021)

EASTECH HOLDING LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Six Months Ended June 30	
	2021 (Audited)	**2020 (Reviewed)**
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	$ (87,606)	$ (361,890)
Adjustments for:		
Amortization - other intangible assets	36,550	32,141
Provision impairment loss on bad debt	12,070	51,818
Gain on lease modifications	(34)	-
Allowance for inventories provision and inventories write-off	412	7,752
Depreciation expenses of property, plant and equipment	83,826	76,638
Depreciation expenses of right-of-use assets	15,584	15,477
Loss on disposal of property, plant and equipment	1,743	573
Loss on written off other intangible assets	396	-
Interest expense	18,241	13,211
Interest income	(1,561)	(1,564)
Compensation cost of restricted shares plans for employees	292	2,002
Compensation cost of employees share options	1,117	8,996
Gain on fair value changes of financial instruments at fair value through profit or loss	(3,451)	(28)
Operating cash flows before working capital changes	77,579	(154,874)
Changes in operating assets and liabilities		
Notes and accounts receivable	45,721	334,420
Other receivables and prepayments	16,036	(126,758)
Inventories	110,568	(305,007)
Notes and accounts payable	(729,834)	(60,237)
Other payables	537,410	(85,882)
Cash generated from (used in) operations	57,480	(398,338)
Interest paid	(18,241)	(13,211)
Interest received	1,561	1,564
Income tax (paid) refund	(14,991)	384
Net cash generated from (used in) operating activities	25,809	(409,601)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for acquiring property, plant and equipment	(108,881)	(158,826)
Proceeds from disposal of property, plant and equipment	2,666	1,791
Increase in other intangible assets	(49,379)	(34,738)
Decrease in restricted assets	9,025	3,145
Net cash used in investing activities	(146,569)	(188,628)

(Continued)

EASTECH HOLDING LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Six Months Ended June 30	
	2021 (Audited)	**2020 (Reviewed)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceed from bank borrowings	$ 1,729,892	$ 2,347,356
Repayments of bank borrowings	(1,838,475)	(1,698,884)
Cash dividend	-	(31,343)
Cash dividend received from treasury shares	-	231
Repayments of the principal portion of lease liabilities	(14,035)	(13,441)
Net cash (used in) generated from financing activities	(122,618)	603,919
EFFECT OF EXCHANGE RATE CHANGES	(4,838)	(28,007)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(248,216)	(22,317)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	1,109,289	1,400,462
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$ 861,073	$ 1,378,145
CASH AND CASH EQUIVALENTS AS FOLLOWS:		
Cash and bank deposits	$ 679,548	$ 1,404,178
Included in non-current assets held for sale	193,547	-
Pledge deposits	(12,022)	(26,033)
Cash and cash equivalents	$ 861,073	$ 1,378,145

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

(With Deloitte & Touche auditors report dated August 20, 2021) (Concluded)

1. GENERAL INFORMATION

Eastech Holding Limited (the "Company") is an investment holding company incorporated in Cayman Islands on February 1, 2011.

The Company was set up to acquire Eastern Asia Technology (HK) Limited (the "EAH") and its subsidiaries (the "EAH Group") and to list on the Taiwan Stock Exchange. EAH Group was originally a subsidiary under Eastern Asia Technology Limited (the "EATL", a company formerly listed on Singapore Stock Exchange and delisted in February 2011) and was principally engaged in the production and sales of speaker systems and headphones. Through restructuring, the Company acquired 100% interests in EAH Group from EATL with a consideration determined based on the carrying amount of EAH Group as at March 31, 2011. After the acquisition, the Company (as EAH Group) applied primary listing on the Taiwan Stock Exchange, and the shares of the Company commenced trading on the Taiwan Stock Exchange from November 5, 2012.

For the integration between the speaker systems and 3C electronic appliances to boost the sales, EAH acquired 99.98% interests in Eastech Electronics (Taiwan) Inc. ("ETT") and its subsidiaries ("ETT Group") from Luster Green Limited in January 2015. The principal activities of ETT Group are to design, production and sales of smart speakers and audio/video ("AV") electronics home entertainment systems.

In order to maximize the allocation and to diffuse the risk of cost inflation and tariff on the current main production base, EAH established a wholly-owned subsidiary - Eastech (VN) Company Limited in Vietnam on January 25, 2019, as second production base, with the accumulated capital of US$8.5 million.

In order to expand the sales of headphones, EAH established a wholly-owned subsidiary - Eastech Microacoustics (HK) Limited, with the registered capital of HK$100,000 on August 30, 2019.

In order to develop new technology and design the product, EAH established a wholly-owned subsidiary - EASTECH Innovations (TW) Inc., with registered capital of $30 million on July 2, 2020.

The Company's and its subsidiaries (collectively as the "Group") principal places of operation are located in Taiwan, Hong Kong, Huizhou, Guangdong Province, China and Hai Duong, Vietnam.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors on August 20, 2021.

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

a. Standards and interpretations effective for the year

The Group has adopted all new, revised and amended International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC) and Interpretations of IAS (SIC) (collectively, the “IFRSs”) issued into effect after fiscal year beginning on January 1, 2021. Except for the following, whenever applied, the initial application of the amendments to the IFRSs issued into effect would not have any material impact on the Group’s consolidated financial statements for the six months ended June 30, 2021.

b. Standards and interpretations issued but not yet effective

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: The amendments will be applied for transaction happened beginning on or after January 1, 2023 except for the deferred tax assets recognized for the temporary difference of lease and decommissioning obligation on January 1, 2022.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively, the "IFRSs") and Rule No. 10200546801 issued by the Financial Supervisory Commission (the "FSC"). Moreover, the IFRSs applicable to these consolidated financial statements have no difference with the IFRS, IAS, interpretations as well as related guidance translated by Accounting Research and Development Foundation (ARDF) endorsed by the FSC with the effective dates (collectively, "Taiwan-IFRSs").

b. Basis of preparation

1) The basis of consolidated financial statements are consistent with those applied in the consolidated financial statement for the year ended December 31, 2020.

2) The consolidated financial statements had been originally presented in the functional currency of the Company - i.e. HKD. Relevant NTD amounts are presented by translating from HKD according to the IAS 21. The assets and liabilities items are translated using exchange rates prevailing at the end of each reporting period. However, considering the effectiveness of the Group's finance management, the function of the Company has changed to be responsible for the plans of the Group's financing activities which is conducted in Taiwan and be also denominated in NTD. In response to this change, the Company decided to change its functional currency from HKD to NTD and this change is accounted for on a prospective basis beginning from January 1, 2020.

3) Pursuant to the above basis of preparation of the consolidated financial statements, the detail information of the subsidiaries was as follows:

			Percentage of Ownership Interest		
Name of Investor	**Name of Investee**	**Main Business**	**June 30, 2021**	**December 31, 2020**	**Descriptions**
The Company	Eastern Asia Technology (HK) Limited ("EAH")	Sales of speaker systems and headphones	100.00	100.00	The Company acquired EAH 100% ownership interest on March 31, 2011 and thereby obtained 100% controlling power over EAH and its subsidiaries
EAH	Eastech Systems (Huiyang) Co., Ltd. ("ESHY")	Production and sales of speaker systems	100.00	100.00	〃
EAH	Eastech (Huiyang) Co., Ltd. ("EAHY") (Note 1)	Production, assembly and sales of speaker systems and accessories	100.00	100.00	〃
EAH	Eastech (Huizhou) Co., Ltd. (Formerly known as Huiyang Dongmei Audio Products Co., Ltd. ("EAHZ"))	Production, assembly and sales of speaker systems, accessories, headphones, smart speakers and AV electronics home entertainment systems	100.00	100.00	〃
EAH	Eastech (SZ) Co., Ltd. (Formerly known as Shenzhen MaliMaliBox Trading Corporation Limited ("ESZ"))	Import and export trading of audio and headphones products, machinery and equipment	100.00	100.00	ESZ was established by EAH on November 13, 2013
EAH	Scan-Speak A/S ("ScS")	Research, production and sales of high-end speakers	100.00	100.00	EAH acquired ScS 100% ownership interest on April 1, 2014

(Continued)

Name of Investor	Name of Investee	Main Business	Percentage of Ownership Interest June 30, 2021	Percentage of Ownership Interest December 31, 2020	Descriptions
EAH	Eastech (VN) Company Limited (“EAVN”)	Production, assembly and sales of transducer speakers, Bluetooth speakers and headphones	100.00	100.00	EAVN was established by EAH on January 25, 2019
EAH	Eastech (SG) Pte. Ltd. (“ESG”)	Research and development of system architecture/new product concept/ state-of-the-art products/sound and acoustics advance technology	100.00	100.00	ESG was established by ETH in October 2017 and was transferred 100% ownership from ETH to EAH in July 2019
EAH	Eastech Microacoustics (HK) Limited (“EMH”)	Sales of headphones and AV products	100.00	100.00	EMH was established by EAH on August 30, 2019
EAH	Eastech Electronics (Taiwan) Inc. (“ETT”)	Design and sales of smart speakers and AV electronics home entertainment systems	99.98	99.98	As mentioned in Note 1, EAH acquired ETT 99.98% ownership interest in January 2015, and thereby acquired its 100% owned subsidiaries, ETH and ETHY
ETT	Eastech Electronics (HK) Limited (“ETH”)	Sales of smart speakers and AV electronics home entertainment systems	34.78	100.00	〃
ETH	Eastech Electronics (Huiyang) Co., Ltd. (“ETHY”)	Production and sales of smart speakers and AV electronics home entertainment systems	100.00	100.00	〃
EAH	EASTECH Innovations (TW) Inc. (“ETW”)	Technology research and product design	100.00	-	ETW was established by EAH on July 2, 2020
EAH	Eastech Electronics (HK) Limited (“ETH”)	Sales of smart speakers and AV electronics home entertainment systems	65.22	-	Note 2

(Concluded)

Note 1: On March 15, 2021, the board of directors approved the disposal of EAHY & ETHY.

Note 2: On January 22, 2021, ETH made a cash capital increase of HK$40,000 thousand (equivalent to NT$143,680 thousand), which was fully subscribed by EAH, with a shareholding ratio of 65.22%.The shareholding ratio of ETT was reduced to 34.78%, the overall shareholding was still 100.00%.

Note 3: As of June 30, 2021, the financial statements of some non-significant subsidiaries included in the consolidated financial statements, such as ESHY, EAHY, EAHZ, ESZ, ScS, ESG, EMH and ETW were not audited.

c. Other significant accounting policies

Except for the following, please refer to Note 4 of the consolidated financial statements for the year ended December 31, 2020.

1) Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset is available for immediate sale in its present condition. To meet the criteria for the sale being highly probable, the appropriate level of management must be committed to the sale, and the sale should be expected to qualify for recognition as a completed sale within 1 year from the date of classification.

When a sale plan would result in a loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale, regardless of whether the Group will retain a non-controlling interest in that subsidiary after the sale.

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.

3) Explanatory about the seasonality of interim operations

The Group's majority of clients are internationally renowned audio-visual brand enterprises. In line with the relevant European and American customers' Christmas holiday sales, the Group's production and sales is focus on the third quarter of the year to make sure stock availability before Christmas holiday. The first half of the year is typically the case of the off-season operation; therefore, the Group has a seasonal cycle of operations.

d. 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. Historical cost is usually determined by the fair value of the consideration paid upon obtaining of the assets.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The same critical accounting judgments and key sources of estimates and assumptions have been followed in these consolidated financial statements as were applied in the preparation of the Group's consolidated financial statements for the year ended December 31, 2020. Please refer to Note 5 of the consolidated financial statements for the year ended December 31, 2020.

6. CASH AND CASH EQUIVALENTS

	June 30, 2021 (Audited)	December 31, 2020 (Audited)
Cash on hand	$ 1,079	$ 729
Cash at bank	666,447	1,108,560
Fixed deposits	12,022	21,047
	679,548	1,130,336
Less: Pledged deposits	(12,022)	(21,047)
	$ 667,526	$ 1,109,289

Cash equivalents comprise term deposits within 3 months, which are highly liquid and are readily convertible into cash with low risk of changes in value. Pledged deposits are pledged to secure the loan facilities granted by bank to the Group (please refer to Note 23), and is recognized under restricted assets.

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	June 30, 2021 (Audited)	December 31, 2020 (Audited)
Financial assets - current		
Derivatives (do not apply hedge accounting)		
Forward exchange contract	$ 3,371	$ -
Non-derivative financial assets		
Foreign-listed stocks	274	260
	$ 3,645	$ 260
Financial assets non - current		
Mandatorily classified as at FVTPL		
Non-derivative financial assets		
Domestic unlisted stocks	$ 83,496	$ 83,496

The unexpired forward foreign exchange contracts that do not apply hedge accounting on the balance sheet date are as below:

June 30, 2021

	Currencies	Term	Amount (In Thousands)
Sales of forward exchange contract	US$ to RMB	July 13, 2021 to December 13, 2021	US$17,000/RMB111,287

The purpose that the Group engages in forward exchange contract is mainly to avoid risks arising from exchange rate fluctuations of foreign assets and liabilities.

8. NOTES AND ACCOUNTS RECEIVABLE

	June 30, 2021 (Audited)	December 31, 2020 (Audited)
Notes receivable	$ 12,840	$ 12,019
Accounts receivable	1,813,650	1,977,863
Less: Allowance for impairment loss	(54,262)	(46,877)
	$ 1,772,228	$ 1,943,005

The Group’s average credit period of sales of goods was 79 days (75 days in 2020). No interest was charged on notes and accounts receivable. The Group uses other publicly available financial information or its own trading records to rate its major customers. The Group’s exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

The Group measures the loss allowance for notes and accounts receivable at an amount equal to lifetime ECLs (excluding notes and accounts receivable that recognizes loss allowance at full amount). The expected credit losses on notes and 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 and adjusted for general economic conditions of the industry in which the debtors operate. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off the notes and accounts receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation, or when the notes and accounts receivable are over 180 days past due, whichever occurs earlier.

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

June 30, 2021

	Not Past Due	1 to 180 Days	181 to 365 Days	Over one year	Total
Gross carrying amount	$ 1,649,973	$ 133,201	$ 56	$ 43,260	$ 1,826,490
Loss allowance (Lifetime ECLs)	(10,946)	-	(56)	(43,260)	(54,262)
Amortized cost	$ 1,639,027	$ 133,201	$ -	$ -	$ 1,772,228

December 31, 2020

	Not Past Due	1 to 180 Days	181 to 365 Days	Over one year	Total
Gross carrying amount	$ 1,901,619	$ 41,386	$ 559	$ 46,318	$ 1,989,882
Loss allowance (Lifetime ECLs)	-	-	(559)	(46,318)	(46,877)
Amortized cost	$ 1,901,619	$ 41,386	$ -	$ -	$ 1,943,005

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

	For the Six Months Ended June 30, 2021 (Audited)	For the Year Ended December 31, 2020 (Audited)
Balance at the beginning of the period	$ 46,877	$ 15,548
Add: Impairment losses recognized	12,070	49,054
Less: Amounts written off	-	(12,328)
Less: Amounts reclassified to non-current assets held for sale	(1,562)	-
Less: Amounts recovered	(2,964)	(3,178)
Effect of foreign currency exchange differences	(159)	(2,219)
Balance at the end of the period	$ 54,262	$ 46,877

The notes and accounts receivable (with recourse) pledged as collateral for bank borrowings are set out in Notes 23 and 25 (h).

9. OTHER RECEIVABLES AND PREPAYMENTS

	June 30, 2021 (Audited)	December 31, 2020 (Audited)
Other receivables	$ 149,844	$ 166,663
Allowance for impairment loss	(66,709)	(71,090)
Other receivables, net	83,135	95,573
Prepayments for purchases	88,740	100,981
Prepayments	13,214	15,983
Prepayments for purchases of equipment and mold	44,795	20,265
Value-added tax recoverable and refundable	182,494	232,944
Guarantee deposits	14,072	20,640
	$ 426,450	$ 486,386

Other receivables of the Group mainly consist of the followings:

a. Other receivables relating to litigations (including guarantee deposits) as described in Note 24 (a) were as follows:

	June 30, 2021 (Audited)	December 31, 2020 (Audited)
Other receivables (including security deposits)	$ 74,108	$ 80,728
Less: Allowance for impairment loss	(66,709)	(71,090)
	$ 7,399	$ 9,638

b. As of June 30, 2021 and December 31, 2020, the amounts of temporary payments as described in Note 16 (b) were $38,419 thousand and $63,494 thousand, respectively, which were included in other receivables.

10. INVENTORIES

	June 30, 2021 (Audited)	December 31, 2020 (Audited)
Raw materials	$ 673,502	$ 672,412
Work-in-process	255,244	277,487
Finished goods	94,324	152,939
Goods in transit	62,107	130,476
	$ 1,085,177	$ 1,233,314

The cost of inventories recognized as cost of goods sold for the six months ended June 30, 2021 and 2020 was $4,031,590 thousand and $2,902,909 thousand, respectively, which included inventories write-down of $412 thousand and $7,752 thousand, respectively.

The cost of inventories recognized as cost of goods sold for the three months ended June 30, 2021 and 2020 was $2,226,410 thousand and $1,762,122 thousand, respectively, which included loss of net realizable value of inventories and loss of written-off (recovery benefits) of inventories of $(10,129) thousand and $3,068 thousand, respectively.

The inventories pledged as collateral for bank borrowing are set out in Note 23.

11. NON-CURRENT ASSETS HELD FOR SALE

	June 30, 2021 (Audited)
Assets associated with EAHY	$ 179,435
Assets associated with ETHY	453,467
	$ 632,902
Liabilities directly associated with non-current assets held for sale	$ 1,003,160
Equities directly associated with non-current assets held for sale	$ (66,123)

On March 15, 2021, the board of directors of the company approved the Equity Transfer Agreement between EAH, ETH and Shangnanfei Trading (Shenzhen) Co., Ltd., the non-related party, to dispose 100% equity of EAHY and ETHY, respectively, and it is expected to be completed the disposal procedures within 12 months. Assets for sale related to EAHY and ETHY have been reclassified as non-current assets for sale and disclosed separately in the consolidated balance sheet. The main categories of assets and liabilities for sale are as follows:

	June 30, 2021 (Audited)
Cash and cash equivalents	$ 193,547
Notes and accounts receivable, net	112,986
Inventories	37,157
Other receivables	43,900
Tax refund receivables	54
Property, plant and equipment	40,237
Right-of-use assets	100,808
Intangible assets	100,007
Deferred tax assets	4,206
Total held for sale assets	$ 632,902
Accounts payable and other payables	$ 925,099
Lease liabilities	42,031
Deferred tax liabilities	36,030
Liabilities directly associated with non-current assets held for sale	$ 1,003,160
Equities directly associated with non-current assets held for sale	$ (66,123)

The net proceeds from the disposal is expected to exceed the carrying amount of the related net assets, and accordingly, no impairment loss should be recognized while classifying the assets to non-current assets held for sale.

12. PROPERTY, PLANT AND EQUIPMENT

a. Details of property, plant and equipment were as follows:

	June 30, 2021 (Audited)	December 31, 2020 (Audited)
Cost	$ 1,350,796	$ 2,159,548
Accumulated depreciation and impairment	(321,362)	(1,106,810)
Carrying amount	$ 1,029,434	$ 1,052,738
Land and buildings	$ 288,592	$ 296,041
Machinery and office equipment	702,167	701,898
Property under construction	38,675	54,799
Carrying amount	$ 1,029,434	$ 1,052,738

b. Changes in property, plant and equipment are as follows:

	Land and Buildings	Machinery and Office Equipment	Property under Construction	Total
Cost				
Balance at January 1, 2020	$ 451,633	$ 1,220,409	$ 107,607	$ 1,779,649
Additions	38,845	178,995	275,741	493,581
Disposals	-	(95,009)	(1,918)	(96,927)
Reclassification	213,595	119,707	(334,322)	(1,020)
Effect of foreign currency exchange differences	(7,516)	(15,910)	7,691	(15,735)
Balance at December 31, 2020	696,557	1,408,192	54,799	2,159,548
Additions	2,917	79,908	26,056	108,881
Disposals	-	(36,420)	(2,478)	(38,898)
Reclassified as assets held for sale	(545,887)	(227,848)	-	(773,735)
Reclassification	149,115	(210,809)	(39,553)	(101,247)
Effect of foreign currency exchange differences	(2,194)	(1,410)	(149)	(3,753)
Balance at June 30, 2021	$ 300,508	$ 1,011,613	$ 38,675	$ 1,350,796
Accumulated depreciation and impairment				
Balance at January 1, 2020	$ 359,531	$ 669,047	$ -	$ 1,028,578
Depreciation	38,084	126,516	-	164,600
Disposals	-	(73,453)	-	(73,453)
Effect of foreign currency exchange differences	2,901	(15,816)	-	(12,915)
Balance at December 31, 2020	400,516	706,294	-	1,106,810
Depreciation	11,851	71,975	-	83,826

(Continued)

	Land and Buildings	Machinery and Office Equipment	Property under Construction	Total
Disposals	$ -	$ (34,489)	$ -	$ (34,489)
Reclassified as assets held for sale	(554,094)	(179,404)	-	(733,498)
Reclassification	154,690	(255,937)	-	(101,247)
Effect of foreign currency exchange differences	(1,047)	1,007	-	(40)
Balance at June 30, 2021	$ 11,916	$ 309,446	$ -	$ 321,362

(Concluded)

For the shutdown effect from the COVID-19 pandemic, the management has conducted an impairment test. Since the sales orders from main customers are still existed and shipments are just deferred, hence, the recoverable amount is still higher than net book value based on the aforementioned test result. No impairment loss is recognized as of December 31, 2020 and June 30, 2021, accordingly.

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

Land and buildings	Buildings in Mainland China were 20 years, buildings in Hong Kong and Taiwan were 40 years, buildings in Vietnam were 40 to 55 years; and building improvements were depreciated over 2 to 10 years.
Machinery equipment	5 to 10 years
Office equipment	1 to 10 years

d. Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 23.

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	June 30, 2021 (Audited)	December 31, 2020 (Audited)
Carrying amounts		
Land and buildings	$ 77,186	$ 183,138
Machinery and office equipment	2,808	2,737
	$ 79,994	$ 185,875

	For the Six Months Ended June 30	
	2021 (Audited)	**2020 (Reviewed)**
Additions to right-of-use assets	$ 11,489	$ 9,916
Depreciation charge for right-of-use assets		
Land and buildings	$ 14,354	$ 14,226
Machinery and office equipment	1,230	1,251
	$ 15,584	$ 15,477

	For the Three Months Ended June 30	
	2021 (Audited)	**2020 (Reviewed)**
Additions to right-of-use assets	$ 462	$ 2,574
Depreciation charge for right-of-use assets		
Land and buildings	$ 6,917	$ 7,071
Machinery and office equipment	635	624
	$ 7,552	$ 7,695

Except for the aforementioned addition and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the six months ended June 30, 2021 and for the year ended December 31, 2020.

b. Lease liabilities

	June 30, 2021 (Audited)	**December 31, 2020 (Audited)**
Carrying amounts		
Current	$ 21,514	$ 22,524
Non-current	16,162	60,551
	$ 37,676	$ 83,075

Range of discount rate for lease liabilities was as follows:

	June 30, 2021 (Audited)	**December 31, 2020 (Audited)**
Land and buildings	2.48%-4.63%	3.73%-4.63%
Machinery and office equipment	2.48%-4.63%	3.73%-4.63%

The aforementioned range of discount rate for lease liabilities include lease liabilities which were reclassified to liabilities directly associated with non-current assets held for sale.

c. Material lease-in activities and terms

The Group leases lands, office, and other operating assets for the operations and manufacturing purpose. The Group does not have bargain purchase options to acquire the leased assets at the end of the lease terms. In addition, since land use right in respect of lands at the PRC and Vietnam were obtained by way of lease as they could not be directly acquired subject to restrictions of laws, the Group's land use rights in the PRC and Vietnam have been paid in full at the inception of the lease. The details of land use right held by the Group were as follows:

June 30, 2021 and December 31, 2020

Company Name	Location	Description	Tenure/Unexpired Term
EAHY	Xixi Village, Dongfong Administrative Area, Xinyu Town, Huiyang, Guangdong, PRC	3 factory buildings and 2 dormitories built on a 287,077 sq. ft. land	Lease for term of 50 years from December 14, 1995 to December 13, 2045
ETHY	Xixi Village, Dongfong Administrative Area, Xinyu Town, Huiyang, Guangdong, PRC	6 factory buildings and 2 dormitories built on a 365,976 sq. ft. land	Lease for a term of 50 years from December 6, 2000 to December 6, 2050
		1 factory building and 2 dormitories built on a 134,947 sq. ft. land	Lease for a term of 50 years from June 19, 2002 to June 19, 2052
EAVN	B2-4, Cong Hou Industrial Park, Cong Hoa Ward, Chi Linh City, Hai Duong Province, Vietnam	41,227.5 sq. ft. land	Lease for a term of 40 years from January 2019 to April 2058

As of June 30, 2021, the land use rights of EAHY and ETHY have been reclassified to the non-current assets for sale.

d. Other lease information

	For the Six Months Ended June 30	
	2021 (Audited)	2020 (Reviewed)
Expenses relating to short-term leases	$ 33,921	$ 16,373
Total cash outflow for leases	$ (49,388)	$ (31,412)

	For the Three Months Ended June 30	
	2021 (Audited)	2020 (Reviewed)
Expenses relating to short-term leases	$ 28,061	$ 3,459

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

14. INTANGIBLE ASSETS

	June 30, 2021 (Audited)	December 31, 2020 (Audited)
Goodwill	$ 112,139	$ 115,530
Technical knowledge (including capitalized costs of R&D)	63,777	150,754
Customer relationship	3,293	8,922
	$ 179,209	$ 275,206

As of June 30, 2021, technical knowledge (including capitalized costs of R&D) of ETHY have been reclassified to non-current assets held for sale.

a. Details of goodwill were as follows:

	June 30, 2021 (Audited)	December 31, 2020 (Audited)
Related to ScS	$ 100,168	$ 103,541
Related to EAHZ	11,971	11,989
	$ 112,139	$ 115,530

b. Intangible assets with finite useful life are amortized on a straight-line basis over their estimated useful lives as follow:

Technical acknowledge (including capitalized costs at development stage)	2-15 years
Customer relationship	9 years

c. The intangible assets pledged as collateral for bank borrowing are set out in Note 23.

15. BANK BORROWINGS

a. Short-term borrowings

	June 30, 2021 (Audited)		December 31, 2020 (Audited)	
	Interest Rate	Amount	Interest Rate	Amount
Secured borrowings				
Factoring	1.29%-4.54%	$ 97,578	3.73%-6.45%	$ 13,134
Bank borrowings	1.34%-2.25%	816,637	1.26%-4%	943,150
Commercial paper	-	-	2.14%	30,000
Long-term borrowings due within 1 year	1.29%-3.25%	101,499	1.35%-4.63%	78,025
		1,015,714		1,064,309
Unsecured borrowings				
Bank borrowings	-	-	4.2%	77,764
		$ 1,015,714		$ 1,142,073

The above amounts represent revolving facility (for operating capital demand) of bank loan, commercial paper and current portion of long-term bank borrowings.

Outstanding short-term commercial paper was as follow:

December 31, 2020

Promissory Institution	Nominal Amount	Carrying Amount	Interest Rate	Collateral	Carrying Amount of Collateral
International Bills Finance Corp.	$ 30,000	$ 30,000	2.14%	-	$ -

The commercial papers issued by the Group are all short-term promissory notes. Due to the short-term period, the interest expenses are not significant. Therefore, the difference between nominal amount and cash received is recognized interest expense directly at the issuance of commercial paper.

b. Long-term borrowings

	June 30, 2021 (Audited)		December 31, 2020 (Audited)	
	Interest Rate	Amount	Interest Rate	Amount
Long-term bank borrowings	1.29%-4.5%	$ 381,149	1.35%-5.1%	$ 347,820
Less: Long-term bank borrowings due within 1 year		(101,499)		(78,025)
		$ 279,650		$ 269,795

For acquiring equipment and long-term operating capital demand, the Group draws down the borrowings from banks. The repayments of the bank borrowings are due quarterly.

The maturity dates for long-term bank borrowings were as follows:

	June 30, 2021 (Audited)	December 31, 2020 (Audited)
Due within 2 to 5 years	$ 279,650	$ 269,795

c. The detail of the Group’s pledged assets for the aforementioned bank borrowings please refer to Note 23.

16. NOTES AND ACCOUNTS PAYABLE AND OTHER PAYABLES

a. Notes and accounts payable were mainly due to the suppliers. The Group’s payment terms were 30 or 120 days. No interest is charged by notes and accounts payable in general. The Group has financial risk management policies to ensure settlement of all payables within payment term.

b. Details of other payables were as follows:

	June 30, 2021 (Audited)	December 31, 2020 (Audited)
Accrued salaries	$ 96,664	$ 148,987
Temporary receipts - other (Note 1)	113,634	133,705
Temporary receipts - related to equity transfer (Note 2)	642,151	-
Other payables	193,699	307,477
	$ 1,046,148	$ 590,169

Note 1: Temporary receipts are mainly sample fee, test fee, safety certification fee, etc. received in advance. Since the Group produces customized audio-visual electronic products for individual customer demand, related costs associated with the customized audio-visual electronic products, payment on behalf and installment prepayments based on agreements negotiated by both parties, are recorded in temporary payments (please refer to Note 9) and temporary receivables, respectively. After completion of the project (customer confirmed), the Group will reverse the aforementioned temporary payments and temporary receivables at the same time and the differences are recorded as income.

Note 2: Temporary receipts - related to equity transfer are prepayments from the buyer which are according to the equity transfer agreement of disposal of EAHY and ETHY. (Please refer to Note 11)

17. RETIREMENT BENEFIT PLANS

Defined Contribution Plans

ETT adopts a pension plan under the Labor Pension Act (the "LPA"), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The employees of the Group's subsidiary in Hong Kong, PRC, Denmark and Vietnam are members of a state-managed retirement benefit plan operated by the government of PRC, Hong Kong, Denmark and Vietnam. The subsidiary is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

18. EQUITY

a. Share capital

The initial setup capital of the Company is NT$1,000 thousand (registered capital is denominated in NTD). After several capital increments, the ordinary share capital of the Company as of June 30, 2021 and December 31, 2020 were $614,180 thousand and $614,550 thousand, respectively, divided into 61,418 thousand shares and 61,455 thousand shares, each with a nominal amount of NT$10 per share. All of the shares are ordinary shares, each carrying the rights to vote and receive dividend.

The movements of the shares issued and outstanding were as follows:

(In Thousands of Shares)

Purpose of Buy-back	**Number of Shares**
January 1, 2020	61,504
Write-off of restricted shares	(49)
December 31, 2020	61,455
Write-off of restricted shares	(37)
June 30, 2021	61,418

b. Treasury shares

As of June 30, 2021 and December 31, 2020, the details of treasury shares are as follows:

Purpose of Buy-back	**Number of Shares**
Shares held by its subsidiaries	453

For the purpose of short-term investment, related information regarding shares of the Company held by its subsidiaries on the balance sheet date was as follows:

June 30, 2021 (audited)

Subsidiary	**Number of Shares Held (In Thousands of Shares)**	**Carrying Amount**	**Market Value**
ETT	453	$ 24,019	$ 9,785

Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as the rights to dividends and to vote. The subsidiaries holding treasury shares, however, are bestowed shareholders' rights, except the rights to participate in any share issuance for cash and to vote.

c. Capital surplus

Capital surplus arising from issuance of common shares may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital limited to 10% of the Company's capital annually. As of June 30, 2021 and December 31, 2020, the capital surplus of the Company are as follows:

	June 30, 2021 (Audited)	**December 31, 2020 (Audited)**
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital		
Arising from issuance of common share	$ 686,926	$ 714,815
Treasury share transactions	-	1,348
Cash dividend received from treasury stock	-	5,275
May not be used for any purpose		
Arising from employee restricted shares	26,643	27,423
Arising from employee stock options	32,207	31,090
	$ 745,776	$ 779,951

d. Retained earnings and dividend policy

Under the dividend policy as set forth in the Company Articles, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining net profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. The remaining net profit in a fiscal year could be distributed by the Company, subject to the following requirements:

The dividends/bonus distribution to the shareholders under this clause shall not be less than 10% of the remaining net profit for the period, and the cash dividend shall not be less than 50% of the total dividends/bonus distribution and the remaining distribution may be in shares dividends. However, if the Company only distributes cash dividend, it can be resolved by special resolution of the board of the directors. For information about the accrual basis of the employees' and directors' remuneration and the actual appropriations, please refer to Note 19 (d) for details.

The appropriations of earnings for 2019 were proposed by the board of directors on February 27, 2020. Details of the dividend per share of the earnings appropriations for 2019 of the Company were as follows:

	2019
Ordinary share dividend - cash	$0.51 per share, totaling $31,343 thousand

In the board of directors' meeting on February 26, 2021, the company decided not distribute cash dividends due to the accumulated deficits in 2020; it also proposes making use of capital surplus $34,512 thousand to cover accumulated deficits.

In response to the announcement from Financial Supervisory Commission "Measures in response to the COVID-19 pandemic, all public companies shall be required to suspend the convening of shareholders' meetings", the Company suspended the shareholder's meeting booked on June 11, 2021, and held the meeting on July 15, 2021. The aforementioned proposal has reached the legal threshold after electrons voting before June 30, 2021. Therefore, the Group has adjusted the accounting.

Legal reserve

Subsidiaries in China shall appropriate reserve fund (recognized under legal reserves) and provide employees' award and benefit fund (recognized under liabilities items) from the profit after tax in accordance to Section 58 of the "Rules for the Implementation of the Law of the People's Republic of China on Foreign-funded Enterprises", subject to a proportion of no less than 10% of the profit after tax. No appropriation shall be made when the accumulated amount reaches 50% of the registered capital. The provision in respect of employees' award and benefit fund shall be determined by the Company upon passing of directors' resolution; however, it has not yet been approved as of June 30, 2021.

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

e. Share-based payment arrangements

1) Information on restricted shares plan for employees

Information on restricted shares plan for employees was as below:

Approved Date	Grant Shares (Thousand)	Grant Date	Issued Date	Issued Shares (Thousand)	Issued Price	Fair Value
2015/05/12	252	2015/06/02	2015/06/02	252	$ -	$ 60.60
2016/05/11	500	2016/12/20	2016/12/20	500	-	31.45
2017/06/08	500	2017/11/20	2017/11/20	500	-	29.5

Note: Restricted shares will be issued one time or multiple times, based on the actual need after the Company reported to competent authority and the regulation and put into effect.

To meet the vesting conditions, an employee has to meet performance and other conditions over the vesting period, as follows:

a) Remain employed by the Company within one year after the grant date; and performance rating of "A" - 25% of restricted shares will be vested;

b) Remain employed by the Company within two years after the grant date; and performance rating of "A" - 25% of restricted shares will be vested;

c) Remain employed by the Company within three years after grant date; and performance rating of "A" - 25% of restricted shares will be vested.

d) Remain employed by the Company within four years after the grant date; and performance rating of "A" - 25% of restricted shares will be vested;

In addition to the vesting conditions, the limitations are as follows:

a) Employees, except for inheritance, should not sell, transfer, pledge, donate or dispose of the shares in any other way.

b) The shares should be held in trust.

c) Except for the above two restrictions, other rights of restricted shares plan for employees, including but not limited to, dividends, stock options of cash capital and voting rights of shareholders, etc. are the same as the Group's issued ordinary shares.

d) When employees do not reach the vesting conditions of restricted shares plan for employees, the Company will retrieve and cancel the shares.

Information on restricted shares plan for employees was as follows:

	Number of Shares (In Thousands)	
	For the Six Months Ended June 30, 2021	For the Years Ended December 31, 2020
Balance at the beginning of the period	130	326
Vested	-	(147)
Forfeited	(37)	(49)
Balance at the end of the period	93	130

Information on the costs of restricted shares plans for employees was as follows:

	For the Six Months Ended June 30	
	2021 (Audited)	2020 (Reviewed)
The costs of restricted shares plans for employees	$ 292	$ 2,002

	For the Three Months Ended June 30	
	2021 (Audited)	2020 (Reviewed)
The costs of restricted shares plans for employees	$ 699	$ 1,362

2) Employee stock options

Grant Date	Issued Shares	Vesting Date	Exercisable Price
2018.09.28	1,130 units (equivalent 1,000 outstanding shares per unit)	Within 4 years after the grant date	$23.95 (Remark)
2019.06.10	4,747 units (equivalent 1,000 outstanding shares per unit)	Within 4 years after the grant date	$33.05 (Remark)
2020.05.19	2,760 units (equivalent 1,000 outstanding shares per unit)	Within 4 years after the grant date	$25.30 (Remark)
2020.08.06	82 units (equivalent 1,000 outstanding shares per unit)	Within 4 years after the grant date	$25.45 (Remark)
2021.04.27	219 units (equivalent 1,000 outstanding shares per unit)	Within 4 years after the grant date	$21.65 (Remark)

Remark: The exercise price of the employee stock options is equal to the closing price on the grant date. After the options are granted, upon the occurrence of certain events relating to the change in the number of common shares of the Company and distribute cash dividend, the exercise price shall be adjusted in accordance with the regulated formula.

The Company granted the employee stock options for the qualified employees of the Company or any of its subsidiaries. The options become exercisable after the three years from the grant date by subscribing new shares.

Information on employee stock options is as follows:

	For the Six Months Ended June 30, 2021		For the Year Ended December 31, 2020	
Employee Stock Options	**Number of Options**	**Weighted-average Exercise Price**	**Number of Options**	**Weighted-average Exercise Price**
Balance at the beginning of period	8,719	$ 28.49	5,877	$ 30.03
Granted	219	21.65	2,842	25.30
Write-off	(1,705)	29.40	-	-
Balance at end period	7,233	28.27	8,719	28.49
Options exercisable, end of period	-		-	
Weighted-average fair value of options granted	$ 7.02		$ 7.76	

Information about outstanding options was as follows:

	June 30, 2021		December 31, 2020	
Grant Date	**Range of Exercise Price (NT$)**	**Weighted-average Remaining Contractual Life (Years)**	**Range of Exercise Price (NT$)**	**Weighted-average Remaining Contractual Life (Years)**
2018.09.28	$ 23.00	1.25	$ 23.00	1.75
2019.06.10	31.70	1.96	31.70	2.46
2020.05.19	25.30	2.88	25.30	3.38
2020.08.06	25.45	3.08	25.45	3.58
2021.04.27	21.65	3.83	-	-

Employee stock options granted on April 27, 2021, August 6, 2020, May 19, 2020, June 10, 2019 and September 28, 2018 were priced using the black-scholes pricing model and the inputs to the model were as follows:

	April 27, 2021	**August 6, 2020**	**May 19, 2020**	**June 10, 2019**	**September 28, 2018**
Grant-date share price (NT$)	21.65	25.45	25.30	33.05	23.95
Exercise price (NT$)	21.65	25.45	25.30	33.05	23.95
Expected volatility	44.32%	41.56%	41.50%	35.61%	31.81%
Expected life (in years)	3.5 years	3.5 years	3.5 years	3.5 years	3.5 years
Expected dividend yield	-	-	-	-	-
Risk-free interest rate	0.24%	0.28%	0.35%	0.56%	0.66%

Expected volatility was based on the historical share price volatility over the past years.

The costs of employee stock options were as follows:

	Number of Shares (In Thousands)	
	For the Six Months Ended June 30	
	2021 (Audited)	2020 (Reviewed)
Balance at the end of the period	$ 1,117	$ 8,996

	For the Three Months Ended June 30	
	2021 (Audited)	2020 (Reviewed)
Balance at the end of the period	$ 3,132	$ 4,944

f. Other equity items

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

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Company's presentation currency (i.e. New Taiwan dollars) were recognized directly in other comprehensive income and accumulated in the foreign currency translation reserve. When all or a part of the foreign operations are disposed, exchange differences previously accumulated in the foreign currency translation reserve were reclassified to profit or loss on the disposal of the foreign operation.

2) Unrealized gain or loss on financial assets at FVTOCI

Unrealized gains or losses on financial assets at FVTOCI represent the cumulative gains and losses arising on the revaluation of financial assets at FVTOCI that have been recognized in other comprehensive income. The cumulative unrealized gains or losses will not be reclassified to profit or loss on disposal of the equity investments.

3) Unearned employee benefit

In the meetings of shareholders held on May 12, 2015, May 11, 2016 and June 8, 2017, the shareholders approved the restricted shares plans for employees respectively. Refer to Note 18 (e) for the information of restricted shares issued.

19. CONSOLIDATED NET (LOSS) PROFIT

In addition to the disclosures made in other notes, the consolidated net (loss) profit shall include:

a. Net revenue

1) Contract information

a) Revenue from the sale of goods

The Group sells audio system related products and recognizes revenue at which time the goods are delivered to the customer's specific location. The Group does not provide any after-sales services, such as warranty, right to return, etc. The quotation of products is based on the current market price of the raw materials, the labor input and direct costs, and the expected profit. The term of sales of products is fixed price, not volatile. Since payment term granted to customers are usually less than 180 days, there is no significant financing component from contracts with customers.

b) Revenue from project service (recognized under non-operating income)

Please refer to the remark in Note 16 (b).

2) Contract balances

	June 30, 2021 (Audited)	December 31, 2020 (Audited)
Notes and accounts receivable, net (Note 8)	$ 1,772,228	$ 1,943,005

3) Disaggregation of revenue from customer contracts

	For the Six Months Ended June 30	
	2021 (Audited)	2020 (Reviewed)
Home audio	$ 2,457,330	$ 1,692,490
Personal audio	1,091,399	817,490
Transducer speaker	210,753	152,471
Others	653,727	391,898
	$ 4,413,209	$ 3,054,349

	For the Three Months Ended June 30	
	2021 (Audited)	2020 (Reviewed)
Home audio	$ 1,430,172	$ 1,105,174
Personal audio	636,278	556,184
Transducer speaker	102,303	71,527
Others	335,928	163,365
	$ 2,504,681	$ 1,896,250

b. Depreciation and amortization expenses

	For the Six Months Ended June 30	
	2021 (Audited)	2020 (Reviewed)
Depreciation of property, plant and equipment	$ 83,826	$ 76,638
Amortization of other intangible assets	36,550	32,141
Depreciation of right-of-use assets	15,584	15,477
	$ 135,960	$ 124,256

	For the Three Months Ended June 30	
	2021 (Audited)	2020 (Reviewed)
Depreciation of property, plant and equipment	$ 38,722	$ 38,187
Amortization of other intangible assets	17,980	17,456
Depreciation of right-of-use assets	7,552	7,695
	$ 64,254	$ 63,338

c. Remuneration of directors and key management personnel and employee benefits expense

	For the Six Months Ended June 30	
	2021 (Audited)	2020 (Reviewed)
Remuneration of directors and key management		
Short-term employment benefits	$ 52,265	$ 94,689
Post-employment benefits	1,349	2,035
Share-based payments	1,282	9,670
Employee benefits		
Short-term benefits	738,557	670,165
Post-employment benefits	40,703	22,730
Share-based payments	127	1,328
	$ 834,283	$ 800,617

	For the Three Months Ended June 30	
	2021 (Audited)	2020 (Reviewed)
Remuneration of directors and key management		
Short-term employment benefits	$ 22,802	$ 55,141
Post-employment benefits	642	1,020
Share-based payments	3,842	5,339
Employee benefits		
Short-term benefits	375,466	337,731
Post-employment benefits	19,106	8,128
Share-based payments	(11)	967
	$ 421,847	$ 408,326

d. Employees' compensation and remuneration of directors and supervisors

Under the Company's Article of Incorporation, the Company should distribute employees' remuneration at the rates no less than 1% and no higher than 15% and directors' remuneration at the rates no higher than 2%, respectively, of net profit before income tax, employees' and directors' remuneration.

Due to the accumulated deficit in the first half of 2021 and the year of 2020, the group did not accrue employees' compensation and remuneration of directors and supervisors according to the above policy.

For the year of 2019, the employees' compensation and the remuneration of directors and supervisors are as follows:

Amount

	2019
Employees' compensation	$ 8,255
Remuneration of directors and supervisors	$ 7,720

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.

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

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

e. Other income

	For the Six Months Ended June 30	
	2021 (Audited)	**2020 (Reviewed)**
Government grants revenue	$ 3,363	$ 16,573
Project service revenue	37,532	7,937
Interest income	1,561	1,564
Scrap income	9,272	1,529
Rent revenue	426	825
Gain on disposal of property, plant and equipment	1,031	74
Gain on fair value change of financial instrument at FVTPL	16,141	28
Others	3,224	2,938
	$ 72,550	$ 31,468

	For the Three Months Ended June 30	
	2021 (Audited)	**2020 (Reviewed)**
Government grants	$ 152	$ -
Project service revenue	24,052	2,401
Interest income	405	691
Scrap income	8,804	709
Rent revenue	213	376
Gain on disposal of property, plant and equipment	924	74
Gain on fair value change of financial instrument at FVTPL	16,096	28
Others	1,753	2,048
	$ 52,399	$ 6,327

f. Other losses

	For the Six Months Ended June 30	
	2021 (Audited)	**2020 (Reviewed)**
Losses on fair value change of financial instruments at FVTPL	$ 12,690	$ -
Losses on disposal and written off property, plant and equipment	2,774	647
Others	9,503	66
	$ 24,967	$ 713

	For the Three Months Ended June 30	
	2021 (Audited)	**2020 (Reviewed)**
Losses on fair value change of financial instruments at FVTPL	$ -	$ (79)
Others (mainly represented loss on disposal and written off property, plant and equipment)	9,463	601
	$ 9,463	$ 522

g. Finance costs

	For the Six Months Ended June 30	
	2021 (Audited)	**2020 (Reviewed)**
Interest expense arising from bank borrowings	$ 16,809	$ 11,613
Interest on lease liabilities	1,432	1,598
	$ 18,241	$ 13,211

	For the Three Months Ended June 30	
	2021 (Audited)	**2020 (Reviewed)**
Interest expense arising from bank borrowings	$ 8,283	$ 6,581
Interest on lease liabilities	682	769
	$ 8,965	$ 7,350

20. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of tax (benefit) expense are as follows:

	For the Six Months Ended June 30	
	2021 (Audited)	**2020 (Reviewed)**
Current tax		
In respect of the current year	$ 16,335	$ (2)
Adjustments for prior years	(1,050)	(7,135)
Deferred tax		
In respect of the current year	7,474	(3,085)
Income tax (benefit) expense recognized in profit or loss	$ 22,759	$ (10,222)

	For the Three Months Ended June 30	
	2021 (Audited)	**2020 (Reviewed)**
Current tax		
In respect of the current year	$ 12,897	$ 368
Adjustments for prior years	(1,049)	(7,135)
Deferred tax		
In respect of the current year	8,353	(2,581)
Income tax (benefit) expense recognized in profit or loss	$ 20,201	$ (9,348)

The Group uses the estimated effective annual interest rate and calculating the income tax expense of each interim period. Therefore, the Group is unable to disclose the difference between the accounting income and the taxable income.

The Company was incorporated in accordance with the International Business Companies Order issued by the government of the Cayman Islands and is exempted from income tax charged by the government of the Cayman Islands.

The local tax rate for the subsidiaries in the PRC is 25%. EAHY, EAHZ and ETHY obtained the innovation and high technology enterprise certificates issued by local tax authorities in July 2013 and December 2019, respectively. Therefore, EAHY, EAHZ and ETHY are subject to the applicable preferential income tax rate. Their enterprise income tax rate has been reduced from 25% to 15%. EAHY, EAHZ and ETHY obtained the proof of review. Therefore, EAHY, EAHZ and ETHY are subject to the applicable preferential income tax rate from 2018 to 2020 and 2019 to 2021, respectively.

In accordance with Enterprise Income Tax Law of the PRC as well as the interpretations and implementation of some clauses in the arrangement between the Mainland of China and Hong Kong Special Administrative Region on the avoidance of double taxation, if the foreign enterprise allocates dividend to the Hong Kong Company, 5% levy tax is imposed on the earnings distribution when it meets certain conditions.

Hong Kong revised its income tax act in April 2018, and its tax rate was changed to a two-level progressive tax. Tax rate for taxable income less than HK$2 million is 8.25%, and for taxable income more than HK$2 million is 16.5%. The act came into force in 2018.

The local tax rates for the subsidiaries in Denmark and Singapore are 22% and 17%, respectively. The local tax rate for the subsidiary in Vietnam is 20%. EAVN can enjoy the income tax exemption for the first two years after making profit and proceed with fifty percent reduction for the four subsequent years.

The local tax rate for the subsidiaries in Taiwan is 20%.

b. Income tax assessments

The Company and its subsidiaries are located in the Cayman Islands, PRC, Hong Kong, Singapore, Vietnam and Denmark. The aforementioned tax authorities will not take the initiative to send a tax returns assessment to enterprises. When there are tax disputes, they issued a tax payment notice to enterprises and reserve the right to propose additional taxes. The tax authorities have assessed income tax returns of ETT up to 2019.

21. (LOSS) EARNINGS PER SHARE

	For the Six Months Ended June 30	
	2021 (Audited)	**2020 (Reviewed)**
Basic loss per share	$ (1.81)	$ (5.76)
Diluted loss per share	$ (1.81)	$ (5.76)

	For the Three Months Ended June 30	
	2021 (Audited)	**2020 (Reviewed)**
Basic (loss) earnings per share	$ 0.57	$ (1.48)
Diluted (loss) earnings per share	$ 0.57	$ (1.48)

The (loss) earnings and weighted average number of ordinary shares outstanding used in the computation of (loss) earnings per share are as follows:

Net (loss) profit for the period is as follows:

	For the Six Months Ended June 30	
	2021 (Audited)	**2020 (Reviewed)**
Loss for the period attributable to owners of the Company	$ (110,365)	$ (351,668)

	For the Three Months Ended June 30	
	2021 (Audited)	**2020 (Reviewed)**
Profit (loss) for the period attributable to owners of the Company	$ 34,668	$ (90,380)

The weighted average number of ordinary shares outstanding (in thousands of shares) is as follows:

	For the Six Months Ended June 30	
	2021 (Audited)	**2020 (Reviewed)**
Weighted average number of ordinary shares used in the computation of basic (loss) earnings per share	60,977	61,019
Effect of potentially dilutive ordinary shares		
Employee stock options	-	-
Weighted average number of ordinary shares used in the computation of diluted earnings per share	60,977	61,019

	For the Three Months Ended June 30	
	2021 (Audited)	**2020 (Reviewed)**
Weighted average number of ordinary shares used in the computation of basic (loss) earnings per share	60,965	61,004
Effect of potentially dilutive ordinary shares		
Employee stock options	-	-
Weighted average number of ordinary shares used in the computation of diluted earnings per share	60,965	61,004

The restricted shares plan for employees are entitled to vote and to receive dividends after granted. In additions, if employees resign in the vesting period, they are not required to return restricted shares and dividends. Therefore, the restricted shares are considered as the outstanding shares at the issuance date, and there is no dilutive effect on earnings per share.

Since the Group was in a deficit for the six months ended June 30, 2021 and 2020 and for the three months ended June 30, 2021 which has an anti-diluted effect, calculation for diluted loss per share is not applicable. In addition, for the three months ended June 30, 2021, the total execution price of employee stock options of the Group was higher than the average outstanding stock price during the period, hence, employee stock options are not as dilutive potential ordinary shares, therefore, calculation for diluted loss per share is not applicable.

22. TRANSACTIONS WITH RELATED PARTIES

Balance transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in other notes, details of transactions between the Group and other related parties are disclosed below:

Remuneration of Key Management Personnel

The remuneration of directors and key management was determined by the remuneration committee based on the performance of individuals and market trends. Please refer to Note 19 (c) for details.

23. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings. Part of loan guarantees is provided by the Chairman of the Company.

	June 30, 2021 (Audited)	December 31, 2020 (Audited)
Other intangible assets	$ 18,505	$ 22,546
Accounts receivable with recourse	100,995	16,686
Machineries and office equipment	18,460	19,513
Inventories and other assets	54,843	62,109
Pledge deposits (recognized under restricted assets)	12,022	21,047
	$ 204,825	$ 141,901

24. COMMITMENTS AND CONTINGENT LIABILITIES

a. Litigation

   There is no significant progress regarding EAH’s litigation in Brazil for the six months ended June 30, 2021. The status of litigation in the current phase please refers to Note 23 (a) of the consolidated financial statements for the year ended December 31, 2020.

b. Financial guarantees within the Group refer to Table 2 of Note 28.

c. As of June 30, 2021, the commitments that EAVN has contracted for the plant construction were approximately $44,803 thousand.

25. DISCLOSURE ON FINANCIAL INSTRUMENTS

a. Capital risk management

The Group's capital risk management policy is consistent as consolidated financial statements for the year ended December 31, 2020. In addition, the Group is not subject to any externally imposed capital requirements.

b. Fair value of financial instruments

1) Fair value of financial instruments not measured at fair value

If a non-derivative instrument has short maturity, its future amount receivable and payable approximate its carrying amount, and its carrying amount provides a reasonable basis for estimation of fair value, then the fair value of which shall be estimated based on its carrying amount as shown in the balance sheet. Hence, the carrying amounts of the following financial instruments approximate their fair values:

Cash and cash equivalents, notes and accounts receivable, net, other financial assets, notes and accounts payable, other payables and bank borrowings approach other fair values.

2) Fair value of financial instruments measured at fair value on a recurring basis

Fair value hierarchy

June 30, 2021

	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets at FVTPL				
Derivatives	$ -	$ 3,371	$ -	$ 3,371
Foreign-listed stocks	274	-	-	274
Domestic-unlisted stocks	-	-	83,496	83,496
	$ 274	$ 3,371	$ 83,496	$ 87,141

December 31, 2020

	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets at FVTPL				
Foreign-listed stocks	$ 260	$ -	$ -	$ 260
Domestic-unlisted stocks	-	-	83,496	83,496
	$ 260	$ -	$ 83,496	$ 83,756

There is no transfer between Level 1 and Level 2 fair value measurements for the six months ended June 30, 2021 and the year of 2020.

3) Reconciliation of Level 3 fair value measurements of financial instruments

For the six months ended June 30, 2021: No movement.

For the year ended December 31, 2020: No movement.

4) Valuation techniques and inputs applied for Level 2 fair value measurement

Fair value of forward exchange contract sets the forward exchange rate quotation and its discount rate as the parameter for its measured basis.

5) Valuation techniques and inputs applied for Level 3 fair value measurement

- The fair values of equity investments at FVTPL are originally determined by using the income approach. However, it is difficult to obtain important operation financial information and forecasts of the investment target in this period. Therefore, the market approach is using instead. Fair values are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities. The main assumptions are Price-Earnings (P/E) ratio of comparable listed companies and Price-Book (P/B) ratio of comparable listed companies and give different weights as the basis for estimate. The estimate has also adjusted the discount for lack of marketability.

  The significant unobservable inputs as of December 31, 2020 are as follows:

Significant Unobservable Inputs	Relationship Between Inputs and Fair Value
P/E is 18.20; P/B is 2.42	The higher the ratios, the higher the fair value estimates
Discount rate for lack of marketability is 30%	The higher the discount rate for lack of marketability, the lower the fair value estimates

  If the inputs to the valuation model change so as to reflect reasonably possible alternative assumptions while all the other variables remain constant, the fair value changes as follows:

  If discount rate for lack of marketability increases by 5%, the fair value will decrease by NT$7,000 thousand; if discount rate for lack of marketability decreases by 5%, the fair value will increase by NT$7,000 thousand.

  Since the Group's portfolio of financial instruments measured at Level 3 fair value on a recurring basis is not much and the amount is also not significant, secondly, the business model of the Group is not aimed at investment earnings, the Group will perform Level 3 fair value on a recurring basis measurement in the end of the year based on the Group's valuation policy. Unless, the underlying investment has significant operating and financial changes in the reporting period, the Group will perform additional and timely fair value valuation and measurement. After understanding the operating status of the underlying investment has not significant change in the first three month ended June 30, 2021. According to the Group's valuation policy, the Group doesn't have to perform fair value assessments and expect the fair value as of June 30, 2021 is minor difference with the fair value as of December 31, 2020.

c. Categories of financial instruments

	June 30, 2021 (Audited)	December 31, 2020 (Audited)
Financial assets		
Financial assets at FVTPL		
Held for trading	$ 3,645	$ 260
Mandatorily at FVTPL	83,496	83,496
Financial assets at amortized cost (Note 1)	2,550,303	3,191,061
	$ 2,637,444	$ 3,274,817
Financial liabilities		
Financial liabilities at amortized cost (Note 2)	$ 3,792,179	$ 5,026,206

Note 1: The balance includes financial assets at amortized cost, which comprise cash and cash equivalents (including pledged deposits), notes and accounts receivable, other receivables and refundable deposits, etc.

Note 2: The balances include financial liabilities at amortized cost, which comprise bank borrowings, notes and accounts payable, other payables, etc.

d. Financial risk management objectives and policies

The Group's major financial instruments include cash and cash in bank, notes and accounts receivable, other financial assets, bank borrowings and financial liabilities etc. Details of the aforementioned financial instruments have been disclosed in the consolidated financial statements.

Set out below are the risks related to the financial instruments, policies to mitigate the risks, how the management monitor the risks in order to adopt timely, appropriate and effective measures.

e. Financial risk information

Based on the internal report containing analysis of exposure of and amount involved in risks by financial units, the Group monitors and manages financial risks relating to the enterprise as a whole, the domestic and international financial market and the operations of the Group. These risks include market risk (foreign exchange risk and interest rate risk), credit risk and liquidity risk.

Financial units of the Group constantly report to the management. Management will then monitor the risks and execute policies according to its duties and responsibilities so as to mitigate exposure.

There is no change on the Group's type of exposure and its management and measurement thereof.

1) Market risk

The Group's financial instrument transaction is exposed to foreign exchange risk and interest rate risk (refer to (2) and (3) below).

2) Foreign exchange risk

The Group has foreign currency-denominated transactions that are exposed to the risk caused by fluctuation of exchange rates in the market. To monitor the risk, the responsible team of the Group reviews constantly the portion of assets and liabilities that are exposed to the risk and makes appropriate adjustment so as to control any risk arising from fluctuation of exchange rates.

Since the principal currency of the Group is the US dollar, thus the Group is exposed to risk of exchange rate fluctuation. Fortunately, the risk is mitigated as the majority of receivables and payables and bank borrowings are denominated in US dollar.

As of the reporting period, the carrying amounts of the significant foreign currency-denominated assets and liabilities that are expected to be exposed to exchange rates fluctuation were as follows:

	Assets	
	June 30, 2021 (Audited)	**December 31, 2020 (Audited)**
USD	$ 2,094,833	$ 2,027,751
HKD	2,161	13,410
	$ 2,096,994	$ 2,041,161

	Liabilities	
	June 30, 2021 (Audited)	**December 31, 2020 (Audited)**
USD	$ 2,312,074	$ 1,718,380
HKD	10,952	61,632
	$ 2,323,026	$ 1,780,012

The following table details the Company's sensitivity to a 5% increase and decrease in the foreign currency against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items designated as cash flow hedges, and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit associated with currency strengthen 5% against the relevant currency. For a 5% weakening of currency against the relevant currency, there would be an equal and opposite impact on pre-tax profit would be negative.

	Currency USD Impact	
	For the Six Months Ended June 30, 2021	**For the Year Ended December 31, 2020**
Profit or loss	$ (10,862)	$ 15,469

	Currency H.K. Dollars Impact	
	For the Six Months Ended June 30, 2021	**For the Year Ended December 31, 2020**
Profit or loss	$ (440)	$ (2,411)

The management considers that the sensitivity analysis is unrepresentative of the inherent foreign exchange rate risk as the year end exposure does not reflect the exposure during the period.

3) Interest rate risk

Management of interest rate risk

The Group is subject to interest rate risk arising from bank deposits and borrowings bearing floating interest rate. The current policy of the Group is to maintain borrowings bearing floating interest rate so as to mitigate risk arising from interest rate fluctuation. There is no financial instrument held for hedging purpose. Management of the Group reviews interest rate risk periodically and will implement measures when necessary to address significant interest rate risk for proper monitoring in light of any change in market interest rate.

Sensitivity analysis of interest rate

The following sensitivity analysis is prepared based on the exposure to interest rate of non-derivative instrument at the end of the reporting period.

0.5% increase or decrease has been used by the Group as a reasonable estimation of interest rate fluctuation when reporting to the management. With other variations remain unchanged, without taking into account capitalization of interests, if the interest rate increased 0.5%, the profit and loss of the Group for the six months ended June 30, 2021 and for the year ended December 31, 2020 would have been decreased by $3,084 thousand and $1,411 thousand, respectively.

4) Credit risk

The Group is exposed to credit risk in the event of the counterparties' failure to perform their obligations under the contracts. The credit risk of the Group is assessed based on the contracts with positive fair values as at the end of the reporting period. Counterparties of the Group are creditworthy financial institutes and corporate entities, and the extent of credit risk that may arise from the counterparties and their creditworthiness are reviewed annually by a special team. Therefore, it is expected that the credit risk is insignificant.

The accounts receivables of the Group concentrate in certain clients who are mainly internationally renowned brands of media players and are not connected. Credit assessments on the financial status of the clients have been conducted. Therefore, it is expected that the credit risk from accounts receivables is minimal.

The maximum exposure of the Group to credit risk is the net amount of carrying amount less amount required to be offset and impairment loss required to be recognized under relevant rules (i.e. carrying amount of financial assets), without taking into account any security and other credit enhancement. The credit risk on derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

5) Liquidity risk

Appropriate management structure addressing liquidity risk is formulated by the management to monitor short, medium and long term financing and solvency. As such, the Group is not exposed to any liquidity risk attributable to failure to perform obligation under the contract due to inability to finance funds.

The table below analyzes the remaining unexpired maturity of non-derivative financial liabilities with fixed term of repayment based on the undiscounted cash flow of the financial liabilities on the earliest date that repayment shall be made on demand, and the interest and principal are included in the analysis. In respect of the interest cash flow payable at floating rates, the undiscounted interests are estimated based on yield curve as at the end of the reporting period. Maturities of contracts are estimated on the earliest date of repayment on demand. When the amount payable or receivable is not fixed, disclosure of such amount is determined based on the estimated interest rate derived from the yield curve on the balance sheet date.

	June 30, 2021 (Audited)				
	Effective Interest Rate	**On Demand or Within 1 Year**	**2 Years to 5 Years**	**More than 5 Years**	**Total**
Non-interest bearing liabilities					
Notes and accounts payable	-	$ 2,286,646	$ -	$ -	$ 2,286,646
Other payables	-	1,129,031	6,237	-	1,124,580
Interest bearing liabilities					
Lease liabilities	3.73%-4.63%	31,905	32,869	45,820	110,594
Bank borrowings	2.24%	1,038,474	290,782	-	1,329,256

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	$ 31,905	$ 32,869	$ 7,417	$ 8,010	$ 8,650	$ 21,743

Note: The above amount includes the part that has been reclassified to non-current assets for sale.

	December 31, 2020				
	Effective Interest Rate	**On Demand or Within 1 Year**	**2 Years to 5 Years**	**More than 5 Years**	**Total**
Non-interest bearing liabilities					
Notes and accounts payable	-	$ 3,016,480	$ -	$ -	$ 3,016,480
Other payables	-	590,169	7,689	-	597,858
Interest bearing liabilities					
Lease liabilities	3.73%-4.63%	27,092	37,769	46,583	111,444
Bank borrowings	2.68%	1,172,671	281,275	-	1,453,946

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	$ 27,092	$ 37,769	$ 7,331	$ 7,961	$ 8,598	$ 22,653

f. Financial facilities

Bank borrowings

	Liabilities	
	June 30, 2021 (Audited)	December 31, 2020 (Audited)
Secured borrowings		
Amount unused	$ 1,693,755	$ 1,080,325
Unsecured borrowings		
Amount unused	$ 77,650	$ -

g. Significant assets and liabilities denominated in foreign currencies

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

June 30, 2021

Unit: Foreign Currencies (In Thousands)

	Foreign Currencies	Function Currencies	Exchange Rate (Note)	Carrying Amount (NT$)
Financial assets				
Monetary items				
USD	$ 64,538	HKD	27.89	$ 1,799,954
USD	10,348	NTD	27.89	288,602
USD	1	RMB	27.89	36
USD	224	DKK	27.89	6,241
USD	-	VND	27.89	-
	$ 75,111			$ 2,094,833
Financial liabilities				
Monetary items				
USD	$ 53,871	HKD	27.89	$ 1,502,476
USD	2,247	RMB	27.89	62,682
USD	14,474	NTD	27.89	403,682
USD	266	DKK	27.89	7,418
USD	12,041	VND	27.89	335,816
	$ 82,899			$ 2,312,074
HKD	$ 3,049	RMB	3.592	$ 10,952

December 31, 2020

Unit: Foreign Currencies (In Thousands)

	Foreign Currencies	Function Currencies	Exchange Rate (Note)	Carrying Amount (NT$)
Financial assets				
Monetary items				
USD	$ 57,275	HKD	28.095	$ 1,609,147
USD	14,072	NTD	28.095	395,346
USD	256	RMB	28.095	7,206
USD	194	DKK	28.095	5,464
USD	377	VND	28.095	10,588
	$ 72,174			$ 2,027,751
Financial liabilities				
Monetary items				
USD	$ 39,857	HKD	28.095	$ 1,119,795
USD	9,273	RMB	28.095	260,524
USD	1,547	NTD	28.095	43,473
USD	346	DKK	28.095	9,720
USD	10,139	VND	28.095	284,868
	$ 61,162			$ 1,718,380
HKD	$ 16,998	RMB	3.6258	$ 61,632

Note: Exchange rates represent the closing exchange rate of foreign currency into New Taiwan dollars.

Information of foreign exchange gains and losses are as follow:

	For the Six Months Ended June 30	
	2021 (Audited)	2020 (Reviewed)
Realized foreign exchange gain (loss)	$ (52,376)	$ 9,004
Unrealized foreign exchange (loss) gain	38,999	(15,484)
	$ (13,377)	$ (6,480)

It is impractical to disclose net foreign exchange gain (loss) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the group entities.

h. Information of transferred financial assets

As of June 30, 2021 and December 31, 2020, the Group entered into several trade receivable factoring agreements with the banks. According to the factoring agreement, the Group received certain percentage of trade receivable in cash from the bank in advance. If the trade receivables are uncollected at maturity, the bank has the right to request the Group to repay the unsettled difference. As the Group has not transferred the significant risks and rewards relating to these trade receivables, the Group continues to recognize the full carrying amount of the receivables and the factoring amount as secured bank borrowings.

As of June 30, 2021 and December 31, 2020, the carrying amount of the trade receivables that have been transferred but have not been derecognized and the related liability recognized please refer to Notes 23 and 15, respectively.

26. OTHER

The management of the Group assessed that the impact of Covid-19 pandemic did not have a significant impact on the Group's ability to continue operations, asset impairment and financing, but the major consumer markets in Europe and the United States are still not completely free from the adverse effects of the pandemic, and consumption power is slowed down which affects the Group's revenue and profit.

27. SEGMENT INFORMATION

Operating Segments

IFRS 8 requires that operating units shall be identified based on the internal report to the chief decision maker for periodical review for the purpose of resource allocation to each component of the Group and assessment of their performance. Since the Group is engaged in the processing of speaker systems, and AV electronics products (from acquisition of ETT Group's original business units), under the model that the Hong Kong or Taiwan outsources production orders to the subsidiaries in PRC, there is no other segment which has allocated resources or whose performance has been assessed other than processing of speaker systems, headphones and AV electronics products.

Since the Group's speaker systems, headphones and AV electronics sectors have been fully integrated and centrally managed and the financial management information provided to chief decision maker has also been changed to a single segment, the entire Group's resources to be allocated to and evaluates the overall performance, no longer distinguish from the speaker system, headphones and audio-visual electronic sector. As a result, the operating information to the chief decision maker for periodical review is measured in the same way as the financial statements, which is reported by a single segment. For the six months ended June 30, 2021 and 2020, the revenue and operating results of the operating segment can be found in the consolidated income statement for the six months ended June 30, 2021 and 2020. The product revenue of the Group please refer to Note 19 (a).

28. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

1) Financing provided to others (Table 1)

2) Endorsements/guarantees provided (Table 2)

3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 3)

4) Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital (Table 4)

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital (None)

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital (None)

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 5)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 6)

9) Trading in derivative instruments (Table 7)

10) Intercompany relationships and significant intercompany transactions (Table 7)

11) Information on investees (Table 8)

b. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 9)

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (Table 9):

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period

c) The amount of property transactions and the amount of the resultant gains or losses

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes

e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to the financing of funds

f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services

3) Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 10)

TABLE 1

EASTECH HOLDING LIMITED AND SUBSIDIARIES

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

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note)	Aggregate Financing Limit (Note)
													Item	Value		
0	EASTECH	EAH	Other receivables from related parties	Yes	$ 190,223	$ 185,469	$ 135,267	-	The need for short-term financing	$ -	Operating capital	$ -	-	$ -	$ 425,970	$ 425,970
1	EAH	EAVN	Other receivables from related parties	Yes	334,680	334,680	189,568	-	The need for short-term financing	-	Operating capital	-	-	-	1,670,470	1,670,470
		EASTECH	Other receivables from related parties	Yes	22,884	22,312	-	-	The need for short-term financing	-	Operating capital	-	-	-	1,670,470	1,670,470
		ETH	Other receivables from related parties	Yes	200,235	195,230	167,340	-	The need for short-term financing	-	Operating capital	-	-	-	1,670,470	1,670,470
2	EAHY	ESHY	Other receivables from related parties	Yes	43,706	43,139	43,139	4	The need for short-term financing	-	Operating capital	-	-	-	1,192,401	1,192,401
		ESZ	Other receivables from related parties	Yes	87,412	86,278	43,139	4	The need for short-term financing	-	Operating capital	-	-	-	1,192,401	1,192,401
		EAHZ	Other receivables from related parties	Yes	64,709	64,709	64,709	4	The need for short-term financing	-	Operating capital	-	-	-	1,192,401	1,192,401
3	ETHY	EAHZ	Other receivables from related parties	Yes	30,197	30,197	21,570	4	The need for short-term financing	-	Operating capital	-	-	-	685,474	685,474

Note 1: EASTECH, EAH, EAHY and ETHY's lending limits for any borrower are set forth below:

The individual financing amount provided to a subsidiary that EASTECH holds, directly or indirectly, 100% of the voting shares shall not exceed 40% of the net worth of EAH.
The individual financing amount provided to parent and a subsidiary that EAH holds, directly or indirectly, 100% of the voting shares shall not exceed 100% of the net worth of EAH.
The individual financing amount provided to main listed parent and a subsidiary that EAHY holds, directly or indirectly, 100% of the voting shares shall not exceed 300% of the net worth of EAHY.
The individual financing amount provided to main listed parent and a subsidiary that ETHY holds, directly or indirectly, 100% of the voting shares shall not exceed 300% of the net worth of ETHY.

Note 2: According to the Company's guidance of financing provided to others, the amount of financing limit is based on the net value of the most recent financial statements reviewed or audited by CPA. The information on the limit of endorsements/guarantees announced by the Company in June 2021 is different from the amounts listed above, the reason is that the financial statements of EASTECH, EAH and EAHY for the six months ended June 30, 2021 have not been audited by CPA at the announcement moment, thus the Company announced the information based on the financial statement for the three months ended March 31, 2021.

TABLE 2

EASTECH HOLDING LIMITED AND SUBSIDIARIES

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

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Notes 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
		Name	Relationship (Note 1)										
0	Eastech	EAH	a.	$ 2,129,852	$ 1,213,642	$ 708,134	$ 239,363	$ -	66.50	$ 2,129,852	Yes	No	No
		ETH	a.	2,129,852	633,343	585,586	272,150	-	54.99	2,129,852	Yes	No	No
		EAVN	a.	2,129,852	304,643	297,029	256,399	-	27.89	2,129,852	Yes	No	No
		ETHY	a.	2,129,852	87,412	-	-	-	-	2,129,852	Yes	No	Yes
1	EAH	ScS	a.	1,670,470	48,324	46,873	3,897	-	5.61	1,670,470	Yes	No	No
		EAVN	a.	1,670,470	28,605	27,890	-	-	3.34	1,670,470	Yes	No	No
		EAHZ	a.	1,670,470	161,762	161,762	-	-	19.37	1,670,470	Yes	No	Yes
2	ETHY	EAH	b.	228,491	22,884	22,312	2,530	-	19.53	228,491	No	Yes	No
3	ESHY	ESZ	c.	98,285	43,706	43,139	8,539	-	87.78	98,285	No	No	Yes

Note 1: Relationship of the guarantee:

a. Entities that Company hold, directly or indirectly, more than 50% of voting shares.
b. Companies hold, directly or indirectly, more than 50% of voting share of entities.
c. Entities whose voting shares are more than 90% owned directly or indirectly the Company.

Note 2: a. The Company's limitation of the endorsements/guarantees are set forth below:

1) The total amount of the guarantee provided by the Company to other entities shall not exceed two hundred percent (200%) of the Company's consolidated net worth.
2) The total amount of the guarantee provided by the Company and its subsidiaries to any individual entity shall not exceed three hundred percent (300%) of the Company's consolidated net worth.

b. EAH, ETHY and ESHY's limitation of the endorsements/guarantees are set forth below:

1) The total amount of the guarantee provided by EAH to other entities shall not exceed one hundred percent (100%) of the EAH's consolidated net worth.
2) The total amount of the guarantee provided by ETHY to other entities shall not exceed one hundred percent (100%) of the ETHY's consolidated net worth.
3) The total amount of the guarantee provided by ESHY to other entities shall not exceed one hundred percent (100%) of the ESHY's consolidated net worth.

Note 3: According to the Company's guidance of endorsement/guarantees provided, the amount of endorsement/guarantees is based on the net value of the most recent financial statements reviewed or audited by CPA. The information on the limit of endorsements/guarantees announced by the Company in June 2021 is different from the amounts listed above, the reason is that the financial statements for the six months ended June 30, 2021 have not been audited by CPA at the announcement moment, thus the Company announced the information based on the financial statements for the three months ended March 31, 2021.

EASTECH HOLDING LIMITED 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	Carrying Amount	Percentage of Ownership (%)	Fair Value	
ETH	Oversea publicly traded stocks							
	Audio Pixels Holdings Limited	-	FVTPL - current	500	$ 274	-	$ 274	
ETT	Taiwan publicly traded stocks							
	Eastech Holding Limited	Subsidiary	FVTPL	453,000	$ 9,785	1	$ 9,785	Note
	Taiwan non-publicly traded stocks							
	HT Precision Technologies, Inc.	-	FVTPL - non-current	5,574,114	$ 83,496	19	$ 83,496	

Note: The stocks are held by the Company’s subsidiary, hence, the investment is accounted for treasury shares.

EASTECH HOLDING LIMITED AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES 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)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
EAH	ETH	Long-term investment	ETH	Subsidiary	-	$ -	75,000,000	$ 143,680	-	$ -	$ -	$ -	75,000,000	$143,680

Note: On January 22, 2021 ETH made a cash capital increase of HK$40,000 thousand (equivalent to NT$143,680 thousand), which was fully subscribed by EAH.

EASTECH HOLDING LIMITED AND SUBSIDIARIES

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

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
EAH	ESHY	Parent and subsidiary	Purchase	$ 125,369	6	90 days	$ -	-	$ (30,758)	(7)	Note
ESHY	EAH	Parent and subsidiary	Sale	(125,369)	(18)	90 days	-	-	30,758	9	Note
EAH	EAHY	Parent and subsidiary	Purchase	396,631	18	90 days	-	-	144,628	31	Note
EAHY	EAH	Parent and subsidiary	Sale	(396,631)	(75)	90 days	-	-	(144,628)	(28)	Note
EAH	EAVN	Parent and subsidiary	Purchase	981,006	46	90 days	-	-	373,658	80	Note
EAVN	EAH	Parent and subsidiary	Sale	(981,006)	(81)	90 days	-	-	(373,658)	(38)	Note
ETH	ETHY	Parent and subsidiary	Purchase	1,244,323	173	90 days	-	-	(360,843)	(40)	Note
ETHY	ETH	Parent and subsidiary	Sale	(1,244,323)	(100)	90 days	-	-	360,843	44	Note
ETT	ETH	Parent and subsidiary	Purchase	161,795	108	90 days	-	-	(203,697)	(55)	Note
ETH	ETT	Parent and subsidiary	Sale	(161,795)	(12)	90 days	-	-	203,697	14	Note
ETH	EAHZ	Parent and subsidiary	Purchase	173,813	22	90 days	-	-	(82,377)	(9)	Note
EAHZ	ETH	Parent and subsidiary	Sale	(173,813)	(48)	90 days	-	-	82,377	38	Note
ETT	EAVN	Parent and subsidiary	Purchase	225,580	151	90 days	-	-	164,380	44	Note
EAVN	ETT	Parent and subsidiary	Sale	(225,580)	(19)	90 days	-	-	(164,380)	(17)	Note
EAVN	EAH	Parent and subsidiary	Purchase	366,260	31	90 days	-	-	373,658	(38)	Note
EAH	EAVN	Parent and subsidiary	Sale	(366,260)	(16)	90 days	-	-	(373,658)	33	Note
ESHY	EAHY	Fellow subsidiary	Purchase	117,137	18	90 days	-	-	(241,748)	(53)	Note
EAHY	ESHY	Fellow subsidiary	Sale	(117,137)	(22)	90 days	-	-	241,748	47	Note
ETHY	ESHY	Fellow subsidiary	Purchase	243,849	29	90 days	-	-	(135,297)	(18)	Note
ESHY	ETHY	Fellow subsidiary	Sale	(243,849)	(35)	90 days	-	-	135,297	40	Note
EAVN	ESZ	Fellow subsidiary	Purchase	257,581	22	90 days	-	-	(153,753)	(16)	Note
ESZ	EAVN	Fellow subsidiary	Sale	(257,581)	(78)	90 days	-	-	153,753	88	Note

Note: Intercompany transactions are eliminated in consolidated financial statement.

EASTECH HOLDING LIMITED AND SUBSIDIARIES

RECEIVABLES 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	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
EAH	EAVN	Parent and subsidiary	$ 373,658	2.74	$ 189,568	Financing provided	$ 21,134	$ -
EAH	EAHY	Parent and subsidiary	144,628	2.21	-	-	-	-
EASTECH	EAH	Parent and subsidiary	135,282	Note	-	-	2,809	-
EAH	ETH	Parent and subsidiary	168,237	Note	167,340	Financing provided	-	-
ETH	ETT	Parent and subsidiary	203,697	1.27	-	-	13,942	-
ETHY	ETH	Parent and subsidiary	360,843	3.54	-	-	187,194	-
EAHY	EAHZ	Fellow subsidiary	221,304	0.05	64,709	Financing provided	-	-
ETHY	EAHZ	Fellow subsidiary	320,784	0.91	21,570	Financing provided	-	-
ETT	EAVN	Fellow subsidiary	164,380	-	-	-	-	-
EAHY	ESHY	Fellow subsidiary	241,748	1.29	43,139	Financing provided	20,844	-
ESHY	ETHY	Fellow subsidiary	135,297	3.76	-	-	19,283	-
ESZ	EAVN	Fellow subsidiary	153,753	5.89	-	-	46,573	-

Note: It is a fund loan and collection and payment, so there is no need to calculate the turnover rate.

TABLE 7

EASTECH HOLDING LIMITED AND SUBSIDIARIES

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

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details: Financial Statement Accounts	Amount	Payment Terms	% of Total Sales or Assets (Note 3)
	2021 Q2						
0	The company	EAH	a, b	Other receivables from and other payables to related parties	$ 135,282	Short-term financing, 1 year loan/temporary receipts and temporary prepayments	2
1	EAH	EAHY	a, b	Dividend income	310,922	Dividends	7
		EAHY	a, b	Net revenue from sale of goods and purchase	79,836	Credit on transfer pricing policy	2
		EAVN	a, b	Net revenue from sale of goods and purchase	366,260	Credit on transfer pricing policy	8
		ETH	a, b	Receivables from and payables to related parties	168,237	Short-term financing, 1 year loan/temporary receipts and temporary prepayments	3
		EAHY	a, b	Receivables from and payables to related parties	144,628	90 days	2
		ESHY	a, b	Net revenue from sale of goods and purchase	36,678	Credit on transfer pricing policy	1
2	EAHY	EAH	a, b	Net revenue from sale of goods and purchases	396,631	Credit on transfer pricing policy	9
		ESHY	c	Net revenue from sale of goods and purchases	117,137	Credit on transfer pricing policy	3
		ESHY	c	Receivables from and payables to related parties/other receivables from and other payables to related parties	241,748	90 days/Short-term financing, 1 year loan	4
		EAHZ	c	Receivables from and payables to related parties	221,304	90 days	4
		ESZ	c	Receivables from and payables to related parties/other receivables from and other payables to related parties	43,815	90 days/Short-term financing, 1 year loan	1
3	ESHY	ETHY	c	Net revenue from sale of goods and purchases	243,849	Credit on transfer pricing policy	6
		EAH	a, b	Receivables from and payables to related parties	30,758	90 days	1
		EAHZ	c	Net revenue from sale of goods and purchases	58,573	Credit on transfer pricing policy	1
		ETHY	c	Receivables from and payables to related parties	135,297	90 days	2
		EAHZ	c	Receivables from and payables to related parties	56,923	90 days	1
		EAH	a, b	Net revenue from sale of goods and purchases	125,369	Credit on transfer pricing policy	3
		EAVN	c	Net revenue from sale of goods and purchases	58,092	Credit on transfer pricing policy	1
4	ETHY	ESHY	c	Net revenue from sale of goods and purchases	62,189	Credit on transfer pricing policy	1
		ETH	a, b	Net revenue from sale of goods and purchases	1,244,323	Credit on transfer pricing policy	28
		ETH	a, b	Receivables from and payables to related parties	360,843	90 days	6
		EAHZ	c	Net revenue from sale of goods and purchases	77,112	Credit on transfer pricing policy	2
		EAH	a, b	Net revenue from sale of goods and purchases	42,445	Credit on transfer pricing policy	1
		EAHZ	c	Receivables from and payables to related parties	320,784	90 days	5
		EAH	a, b	Receivables from and payables to related parties	36,473	90 days	1

(Continued)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Accounts	**Amount**	**Payment Terms**	**% of Total Sales or Assets (Note 3)**
5	ETH	ETT	a, b	Net revenue from sale of goods and purchases	$ 161,795	Credit on transfer pricing policy	4
		EAHZ	c	Net revenue from sale of goods and purchases	83,249	Credit on transfer pricing policy	2
		ETHY	a, b	Sales return	81,244	Credit on transfer pricing policy	2
		ETT	a, b	Receivables from and payables to related parties	203,697	90 days	3
6	EAVN	EAH	a, b	Net revenue from sale of goods and purchases	981,006	Credit on transfer pricing policy	22
		ETT	c	Net revenue from sale of goods and purchases	225,580	Credit on transfer pricing policy	5
		EAH	a, b	Receivables from and payables to related parties/other receivables from and other payables to related parties	373,658	90 days/Short-term financing, 1 year loan	6
		ETT	c	Receivables from and payables to related parties	164,380	90 days	3
7	EAHZ	EAH	a, b	Net revenue from sale of goods and purchases	43,090	Credit on transfer pricing policy	2
		EMH	a, b	Net revenue from sale of goods and purchases	43,948	Credit on transfer pricing policy	1
		ETH	c	Net revenue from sale of goods and purchases	173,813	Credit on transfer pricing policy	4
		EMH	c	Receivables from and payables to related parties	32,858	90 days	1
		ETH	c	Receivables from and payables to related parties	82,377	90 days	1
8	ESZ	EAH	a, b	Net revenue from sale of goods and purchases	67,438	Credit on transfer pricing policy	2
		EAVN	c	Net revenue from sale of goods and purchases	257,581	Credit on transfer pricing policy	6
		EAVN	c	Receivables from and payables to related parties	153,753	90 days	3

Note 1: For the disclosure of intercompany transactions within the Group, individual code numbers are assigned to each entity of the Group, which are set forth below:

a. No. 0 represents the parent company.
b. The code number for the subsidiaries is listed below:

No. 1: EAH; No. 2 EAHY; No. 3: ESHY; No. 4: ETHY; No. 5: ETH; No. 6: EAVN; No. 7: EAHZ; and No. 8: ESZ.

Note 2: There are three categories of the related party transactions:

a. Parent company to its subsidiary.
b. Subsidiary to its parent company.
c. Subsidiary to other subsidiary.

Note 3: In calculation the weight percentages of related party transactions over total sales or total assets, the consolidated total asset is used for calculating the balance sheet item, whereas the consolidated sales accumulated sales up to date is used for calculating the net income items.

(Concluded)

EASTECH HOLDING LIMITED AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE SIX MONTHS ENDED JUNE 30, 2021
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of June 30, 2021			Net Income (Loss) of the Investee	Share of Profit (Loss) (Note 1)	Note
				June 30, 2021	December 31, 2020	Number of Shares	%	Carrying Amount (Note 1)			
The Company	EAH	Hong Kong	Sales of speaker systems and headphones	$ 1,341,546	$ 1,341,546	80,000,000	100.00	$ 1,341,546	$ 365,299	$ -	
EAH	ScS	Denmark	Research, development, production and sales of high-end speaker	225,530	225,530	1,320,045	100.00	225,530	4,888	-	
	ETT	Taiwan	Design and sales of smart speaker and AV electronics home entertainment systems	431,452	431,452	6,530,494	99.98	431,452	24,960	-	
	ESG	Singapore	Research and development of system architecture/new product concept/ state-of-the-art products/sound and acoustics advance technology	1,056	1,056	50,000	100.00	1,056	(570)	-	
	EAVN	Vietnam	Production, assembly and sales of transducer speakers, Bluetooth speakers and headphones	238,206	238,206	-	100.00	238,206	1,290	-	
	EMH	Hong Kong	Sales of headphones and AV products	386	386	100,000	100.00	386	(726)	-	
ETT	ETH	Hong Kong	Sales of smart speaker and AV electronics home entertainment systems	349,011	349,011	40,000,000	34.78	349,011	72,023	-	
EAH	ETW	Taiwan	New technology research, product design and development	30,000	30,000	3,000,000	100.00	30,000	(15,895)	-	
	ETH	Hong Kong	Sales of smart speaker and AV electronics home entertainment systems	143,680	-	75,000,000	65.22	143,680	72,023	-	

Note 1: Based on IAS 27: The investments in subsidiaries are account for at cost less impairment. Dividends from a subsidiary are recognized in profit or loss.

Note 2: Please refer to Table 9 for the information on investments in mainland China.

EASTECH HOLDING LIMITED AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE SIX MONTHS ENDED JUNE 30, 2021
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. Information of investee company, main business and products, paid-in capital, method of investment, remittance of funds, net income of the investee, % of ownership, carrying amount of investments and repatriation of investment income

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital (Note 1)	Method of Investment (Note 2)	Accumulated Outward Remittance for Investment from Taiwan at the Beginning of the Period	Remittance of Funds: Outward	Remittance of Funds: Inward	Accumulated Outward Remittance for Investment from Taiwan as of June 30, 2021	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 3)	Carrying Amount as of June 30, 2021 (Note 3)	Accumulated Repatriation of Investment Income as of June 30, 2021
ESHY	Production and sales of speaker systems	HK$ 9,000	c.	$ -	$ -	$ -	$ -	$ (5,989)	100.00	(3)	$ 35,810	$ -
EAHY	Production, assembly and sales of speaker systems and accessories	US$ 6,500	c.	-	-	-	-	(34,899)	100.00	(3)	148,826	-
EAHZ	Production, assembly and sales of speaker systems, accessories, headphones, smart speakers and AV electronics home entertainment systems	US$ 2,145	c.	-	-	-	-	(62,796)	100.00	(3)	65,665	-
ESZ	Import and export trading of audio and headphone products, machinery and equipment	RMB 2,000	b.	-	-	-	-	(11,859)	100.00	(3)	9,753	-
ETHY	Production and sales of smart speakers and AV electronics home entertainment systems	HK$ 58,000	c.	-	-	-	-	(134,690)	100.00	(3)	223,764	-

(Continued)

2. Upper Limit on the amount of investment in Mainland China:

Accumulated Outward Remittance for Investment in Mainland China as of June 30, 2021	Investment Amount Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
N/A (Note 2)	N/A (Note 2)	N/A (Note 2)

3. The significant transactions (including purchases and sales, property transactions, and the rendering or receipt of services) with investee companies in mainland China, either directly or indirectly through a third party: Please see Table 7.

4. The negotiable instrument endorsements or guarantees or pledges with investee companies in mainland China, either directly or indirectly through a third party: None.

5. The financing of funds with investee companies in mainland China, either directly or indirectly through a third party: None.

Note 1: The amounts are represented registered capital.

Note 2: The Method of Investment is divided into 3 types as follows:

a. Direct investment from the Company.

b. Indirect investment via the Company's subsidiary in Hong Kong.

c. The Company was established in the Cayman Islands and is a foreign company listed in Taiwan. The companies located in China (except ETHY) had established before the Company listed in Taiwan, so the main source of investment funds were not come from Taiwan. ETHY is the investee obtained from the acquisition of ETT Group after the listing, and the source of funds for the acquisition of the ETT Group is based on the working capital of the Company.

Note 3: a. If the investee company is in preparation, and no investment income and losses are recognized, it should be noted.

b. Recognized investment income (loss):

1) The basis for investment income (loss) recognition is from the financial statements audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.

2) The basis for investment income (loss) recognition is from the financial statements audited and attested by R.O.C. parent company's CPA.

3) Others. (Based on IAS 27: The investments in subsidiaries are account for at cost less impairment. Dividends from a subsidiary are recognized in profit or loss.)

EASTECH HOLDING LIMITED AND SUBSIDIARIES

INFORMATION OF MAJOR SHAREHOLDERS
FOR THE SIX MONTHS ENDED JUNE 30, 2021

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Taishin International Bank is entrusted to manage the investment account for Above Vantage Limited	27,956,600 shares in common shares	45.51

Note 1: This table is based on the information provided by the Taiwan Depository & Clearing Corporation for stockholders holding greater than 5% of the Company's stocks completed the process of registration and book-entry delivery in dematerialized form on the last business date of current quarter. There may be a discrepancy in the number of shares recorded on the Company's consolidated financial statements and its dematerialized securities arising from the difference in basis of preparation.

Note 2: As table above, the shareholder who delivers the shares to the trust is disclosed by the individual trustee who opened the trust account. In accordance with the Securities Exchange Act, the shareholders have to disclose the insider equity more than 10% of the shares, include their own shares and their delivery to the trust and have the right to make decisions on the trust property. Information on insider equity declaration is available on the Market Observation Post System website.