Stock Code:6213

ITEQ CORPORATION

PARENT-COMPANY-ONLY FINANCIAL STATEMENTS

With Independent Auditors' Report
For the Years Ended December 31, 2023 and 2022

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The independent auditors' report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and financial statements, the Chinese version shall prevail.

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Independent Auditors' Report

To the Board of Directors of ITEQ Corporation:

Opinion

We have audited the financial statements of ITEQ Corporation("the Company"), which comprise the balance sheet as of December 31, 2023, the statement of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

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

- Inventory valuation

  Please refer to note 4(g) for "Inventories", note 5 for " Significant accounting assumption and judgments, and major sources of estimation uncertainly", as well as note 6(d) for the disclosure of valuation of inventory.

  Description of key audit matter:

  The Company' s slow-moving inventories, whose valuation requires the subjective judgment of the management, may experience fluctuations in sales volume due to declining market demand that may result in the Company to be incompetent within the same industry. Therefore, the valuation for slow moving inventories has been identified as our key audit matter.

How the matter was addressed in our audit:

Our principal audit procedures included understanding the policies adopted by the management in valuating the slow-moving inventories; assessing the historical reasonableness of the management' s estimates on inventories provisions; selecting samples to verify the accuracy of the inventory aging report; evaluating the appropriateness of management' s methodology to determine inventory reserve percentages; as well as recalculating the inventory reserve for the application of the reserve percentages with the inventory aging categories.

Other Matter

The financial statements of the Company as of December 31, 2022 were audited by other Certified Public Accountant who expressed an unmodified opinion dated March 7, 2023.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are (including the Audit Committee) responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor' s 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 Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

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

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

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

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

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

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on these financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period 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 auditors' report are Tang, Chia-Chien and Chen, Ya-Ling.

KPMG

Taipei, Taiwan (Republic of China)
February 27, 2024

Notes to Readers

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

The independent auditors' audit report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' audit report and financial statements, the Chinese version shall prevail.

(English Translation of Parent-Company-Only Financial Statements and Report Originally Issued in Chinese)

ITEQ CORPORATION

Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2023		December 31, 2022	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 133,627	-	344,406	2
1170	Accounts and notes receivable, net (notes 6(c) and (r))	391,589	2	522,831	2
1180	Accounts receivable due from related parties, net (notes 6(c), (r) and 7)	202,566	1	271,479	1
1200	Other receivables (note (c))	11,827	-	213,905	1
1210	Other receivables due from related parties (note 7)	192,402	1	185,153	1
1220	Current tax assets	-	-	32,381	-
130X	Inventories (note 6(d))	259,363	1	215,885	1
1470	Other current assets (note 6(h))	79,957	-	93,345	-
	Total current assets	1,271,331	5	1,879,385	8
	Non-current assets:				
1517	Non-current financial assets at fair value through other comprehensive income (note 6(b))	5,221	-	2,371	-
1550	Investments accounted for using equity method (note 6(e))	21,400,367	85	20,812,109	83
1600	Property, plant and equipment (notes 6(f) and 9)	940,416	4	833,619	3
1755	Right-of-use assets (notes 6(g) and 7)	148,833	1	174,021	1
1840	Deferred tax assets (note 6(m))	301,040	1	234,876	1
1915	Prepayments for business facilities	876,649	3	865,590	3
1900	Other non-current assets (notes 6(h), (l), 7 and 8)	166,177	1	177,740	1
	Total non-current assets	23,838,703	95	23,100,326	92
	Total assets	**$ 25,110,034**	**100**	**24,979,711**	**100**

		December 31, 2023		December 31, 2022	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings (note 6(i))	$ 2,520,000	10	1,650,000	7
2110	Short-term notes and bills payable (note 6(i))	-	-	149,915	1
2120	Current financial liabilities at fair value through profit or loss (note 6(b))	-	-	7,681	-
2170	Accounts payable	460,156	2	377,272	1
2180	Accounts payable to related parties (note 7)	146,361	1	207,976	1
2200	Other payables (note 6(q))	283,418	1	577,317	2
2220	Other payables to related parties (note 7)	108,824	-	7,257	-
2280	Current lease liabilities (notes 6(k) and 7)	28,785	-	28,103	-
2399	Other current liabilities (note 6(r))	50,759	-	56,981	-
	Total current liabilities	3,598,303	14	3,062,502	12
	Non-current liabilities:				
2540	Long-term borrowings (note 6(j))	1,200,000	5	1,200,000	5
2570	Deferred tax liabilities (note 6(m))	750,563	3	460,976	2
2580	Non-current lease liabilities (notes 6(k) and 7)	119,820	1	144,347	-
2645	Guarantee deposits received	1,500	-	900	-
	Total non-current liabilities	2,071,883	9	1,806,223	7
	Total liabilities	5,670,186	23	4,868,725	19
	Equity (notes 6(b), (e), (l), (n), (p) and 7):				
3100	Ordinary shares	3,629,572	14	3,629,572	15
3200	Capital surplus	9,214,696	37	9,201,666	37
3300	Retained earnings	7,148,718	28	7,561,086	30
3400	Other equity	(553,138)	(2)	(281,338)	(1)
	Total equity	19,439,848	77	20,110,986	81
	Total liabilities and equity	**$ 25,110,034**	**100**	**24,979,711**	**100**

See accompanying notes to parent-company-only financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

ITEQ CORPORATION

Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

		2023		2022	
		Amount	%	Amount	%
4000	**Operating revenue (notes 6(r) and 7)**	$ 1,458,677	100	1,946,161	100
5000	**Operating costs (notes (d), (f), (g), (k), (q), 7 and 12)**	1,575,008	108	2,060,888	106
5900	**Gross profit from operations**	(116,331)	(8)	(114,727)	(6)
5910	Realized (unrealized) profit from sales	(1,233)	-	3,816	-
5950	**Gross loss from operations**	(117,564)	(8)	(110,911)	(6)
6000	**Operating expenses (notes 6(c), (f), (g), (k), (l), (q), 7 and 12):**				
6100	Selling expenses	102,850	7	101,312	5
6200	Administrative expenses	297,559	20	327,400	17
6300	Research and development expenses	211,972	15	201,549	10
6450	Expected credit loss (gain)	(161)	-	(2,951)	-
	Total operating expenses	612,220	42	627,310	32
6900	**Net operating income (loss)**	(729,784)	(50)	(738,221)	(38)
7000	**Non-operating income and expenses (notes 6(b), (e), (f), (k), (s) and 7):**				
7100	Interest income	3,850	-	2,409	-
7070	Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	1,798,654	123	2,036,603	105
7010	Other income	25,915	2	15,197	1
7020	Other gains and losses	82,928	6	576,936	30
7050	Finance costs	(57,992)	(4)	(20,541)	(1)
	Total non-operating income and expenses	1,853,355	127	2,610,604	135
7900	**Profit before tax**	1,123,571	77	1,872,383	97
7950	**Income tax expenses (note 6(m))**	446,945	31	17,210	1
	Profit	676,626	46	1,855,173	96
8300	**Other comprehensive income (notes 6(b), (e), (l), (m), (n) and (t)):**				
8310	**Components of other comprehensive income that will not be reclassified to profit or loss**				
8311	Gains (losses) on remeasurements of defined benefit plans	(122)	-	6,222	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	2,850	-	(2,933)	-
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method	5,929	1	5,624	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
	Total components of other comprehensive income that will not be reclassified to profit or loss	8,657	1	8,913	-
8360	**Components of other comprehensive income that will be reclassified to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	(350,724)	(24)	287,691	15
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	70,145	5	(57,538)	(3)
	Total components of other comprehensive income that will be reclassified to profit or loss	(280,579)	(19)	230,153	12
8300	**Other comprehensive income**	(271,922)	(18)	239,066	12
8500	**Total comprehensive income**	**$ 404,704**	**28**	**2,094,239**	**108**
9750	**Basic earnings per share (expressed in New Taiwan dollars) (note 6(o))**	**$ 1.86**		**4.94**	
9850	**Diluted earnings per share (expressed in New Taiwan dollars) (note 6(o))**	**$ 1.86**		**4.91**	

See accompanying notes to parent-company-only financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

ITEQ CORPORATION

Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

			Retained earnings				Other equity				
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total	Treasury shares	Total equity
Balance on January 1, 2022	$ 3,829,572	9,690,481	1,885,194	444,936	5,978,737	8,308,867	(505,008)	(9,174)	(514,182)	-	21,314,738
Profit	-	-	-	-	1,855,173	1,855,173	-	-	-	-	1,855,173
Other comprehensive income	-	-	-	-	6,222	6,222	230,153	2,691	232,844	-	239,066
Total comprehensive income	-	-	-	-	1,861,395	1,861,395	230,153	2,691	232,844	-	2,094,239
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	314,669	-	(314,669)	-	-	-	-	-	-
Special reserve appropriated	-	-	-	69,245	(69,245)	-	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(1,914,786)	(1,914,786)	-	-	-	-	(1,914,786)
Change in equity of subsidiaries accounted for using equity method	-	16,404	-	-	-	-	-	-	-	-	16,404
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	(1,399,609)	(1,399,609)
Retirement of treasury shares	(200,000)	(505,219)	-	-	(694,390)	(694,390)	-	-	-	1,399,609	-
Balance on December 31, 2022	3,629,572	9,201,666	2,199,863	514,181	4,847,042	7,561,086	(274,855)	(6,483)	(281,338)	-	20,110,986
Profit	-	-	-	-	676,626	676,626	-	-	-	-	676,626
Other comprehensive income	-	-	-	-	(122)	(122)	(280,579)	8,779	(271,800)	-	(271,922)
Total comprehensive income	-	-	-	-	676,504	676,504	(280,579)	8,779	(271,800)	-	404,704
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	116,700	-	(116,700)	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(1,088,872)	(1,088,872)	-	-	-	-	(1,088,872)
Reversal of special reserve	-	-	-	(232,843)	232,843	-	-	-	-	-	-
Change in equity of subsidiaries accounted for using equity method	-	13,030	-	-	-	-	-	-	-	-	13,030
Balance on December 31, 2023	**$ 3,629,572**	**9,214,696**	**2,316,563**	**281,338**	**4,550,817**	**7,148,718**	**(555,434)**	**2,296**	**(553,138)**	**-**	**19,439,848**

See accompanying notes to parent-company-only financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

ITEQ CORPORATION

Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

		2023	2022
Cash flows from (used in) operating activities:			
Profit before tax	$	1,123,571	1,872,383
Adjustments:			
Adjustments to reconcile profit (loss):			
Depreciation expense		205,694	197,632
Amortization expense		9,112	9,473
Expected credit loss (gain)		(161)	(2,951)
Net losses on financial assets or liabilities at fair value through profit or loss		6,547	5,150
Interest expense		57,992	20,541
Interest income		(3,850)	(2,409)
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method		(1,798,654)	(2,036,603)
Losses on disposal of property, plant and equipment		3,438	1,162
Losses on valuation of inventories		3,920	29,799
Reversal of losses on impairment of property, plant and equipment and prepayments for business facilities		-	(17,856)
Unrealzed (realized) profit from sales		1,233	(14,413)
Other adjustments		-	(17,582)
Total adjustments to reconcile profit (loss)		(1,514,729)	(1,828,057)
Changes in operating assets and liabilities:			
Changes in operating assets:			
Notes receivable		(9,823)	41,883
Accounts receivable		141,226	12,916
Accounts receivable due from related parties		68,913	374,651
Other receivable		202,078	(36,012)
Other receivable due from related parties		(7,249)	(26,064)
Inventories		(47,398)	312,518
Other current assets		13,388	(27,175)
Total changes in operating assets		361,135	652,717
Changes in operating liabilities:			
Financial liabilities held for trading		(14,228)	2,531
Accounts payable		82,884	(319,229)
Accounts payable to related parties		(61,615)	(174,242)
Other payable		(103,531)	(623,431)
Other payable to related parties		(7,051)	569,016
Other current liabilities		(8,370)	773
Total changes in operating liabilities		(111,911)	(544,582)
Total changes in operating assets and liabilities		249,224	108,135
Total adjustments		(1,265,505)	(1,719,922)
Cash inflow (outflow) generated from operations		(141,934)	152,461
Interest paid		(58,244)	(16,979)
Income taxes refund (paid)		24,421	(6,499)
Net cash flows from (used in) operating activities		(175,757)	128,983
Cash flows from (used in) investing activities:			
Acquisition of investments accounted for using equity method		(586,083)	(49,000)
Acquisition of property, plant and equipment		(134,147)	-
Proceeds from disposal of property, plant and equipment		13,289	543
Decrease (increase) in refundable deposits		(181)	2,525
Decrease (increase) in other non-current assets		3,643	(28,753)
Increase in prepayments for business facilities		(246,709)	(568,092)
Interest received		2,718	1,288
Dividends received		1,309,550	149,900
Net cash flows from (used in) investing activities		362,080	(491,589)
Cash flows from (used in) financing activities:			
Cash dividends paid		(1,088,872)	(1,914,786)
Payments to acquire treasury shares		-	(1,399,609)
Increase in short-term borrowings		870,000	1,650,000
Increase (decrease) in short-term notes and bills payable		(149,915)	149,618
Proceeds from long-term borrowings		-	1,200,000
Increase (decrease) in guarantee deposits received		600	(1,600)
Payment of lease liabilities		(28,915)	(28,391)
Net cash flows from (used in) financing activities		(397,102)	(344,768)
Net increase in cash and cash equivalents		(210,779)	(707,374)
Cash and cash equivalents at beginning of period		344,406	1,051,780
Cash and cash equivalents at ending of period	$	**133,627**	**344,406**

See accompanying notes to parent-company-only financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

ITEQ CORPORATION

Notes to the Parent-Company-Only Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

ITEQ Corp. (the "Company") was incorporated on April 10, 1997. It engages in the manufacturing and sales of mass lamination boards, copper clad laminates, prepreg products, electronic components, as well as the import and export trade of manufacturing equipment for the aforementioned products.

(2) Approval date and procedures of the financial statements:

These parent-company-only financial statements were authorized for issue by the Board of Directors on February 27, 2024.

(3) New standards, amendments and interpretations adopted:

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2023:

- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

The Company has initially adopted the new amendment, which do not have a significant impact on its financial statements, from May 23, 2023:

- Amendments to IAS 12 "International Tax Reform—Pillar Two Model Rules"

(b) The impact of IFRS issued by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its financial statements:

- Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"
- Amendments to IAS 1 "Non-current Liabilities with Covenants"
- Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"
- Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"

(Continued)

ITEQ CORPORATION
Notes to the Parent-Company-Only Financial Statements

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Company does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “ Insurance Contracts” and amendments to IFRS 17 “ Insurance Contracts”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- Amendments to IAS21 “Lack of Exchangeability”

(4) Summary of material accounting policies:

The material accounting policies presented in the parent-company-only financial statements are summarized below. The following accounting policies were applied consistently throughout the periods presented in the parent-company-only financial statements.

(a) Statement of compliance

These parent-company-only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”).

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the parent-company-only financial statements have been prepared on a historical cost basis:

1) Financial assets and liabilities at fair value through profit or loss are measured at fair value;

2) Financial assets at fair value through other comprehensive income are measured at fair value; and

3) The defined benefit assets are measured at fair value of the plan assets less the present value of the defined benefit obligation.

(ii) Functional and presentation currency

The functional currency is determined based on the primary economic environment in which the entity operates. The parent-company-only financial statements are presented in New Taiwan dollars, which is the Company's functional currency. All financial information presented in New Taiwan dollars has been rounded to the nearest thousand.

(Continued)

ITEQ CORPORATION
Notes to the Parent-Company-Only Financial Statements

(c) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except an investment in equity securities designated as at fair value through other comprehensive income, which are recognized in other comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of any part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Company disposes of only part of investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, Exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(d) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

(i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is expected to be realized within twelve months after the reporting period; or

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(iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

(i) It is expected to be settled in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period; or

(iv) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(e) Cash and cash equivalents

Cash comprises cash on hand and cash in bank. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(f) Financial instruments

Account receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. An financial asset (unless it is a account receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. An account receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at amortized cost; fair value through other comprehensive income (FVOCI) – equity investment. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

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1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

Some accounts receivables are held within a business model whose objective is achieved by both collecting contractual cash flows and selling by the Company, therefore, those receivables are measured at FVOCI. However, they are included in the ‘ accounts receivables' line item.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Company's right to receive payment is established, which is normally the ex-dividend date.

3) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, financial assets measured at amortized cost, notes and accounts receivable, other receivable, refundable deposits and other financial assets).

The Company measures loss allowances at an amount equal to lifetime expected credit loss (ECLs), except for the following which are measured as 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and

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- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for accounts and notes receivable are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment as well as forward looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when the financial asset is more than 90 days past due or the debtor is unlikely to pay its credit obligations to the Company in full.

The Company considers a time deposits to have low credit risk when its counterparties and counterparties to the transaction were financial institutions with investment-grade ratings or above.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is ‘credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;

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- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

4) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

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3) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

4) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

5) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

6) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

7) Financial guarantee contract

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

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Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVTPL, are measured subsequently at the higher of: (a) the amount of the loss allowance determined in accordance with IFRS 9; and (b) the amount recognized initially less, where appropriate, cumulative amortization recognized in accordance with the revenue recognition policies set out below.

(iii) Derivative financial instruments

The Company holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

(g) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted-average method and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(h) Investment in subsidiaries

When preparing the parent-company-only financial statements, investments in subsidiaries which are controlled by the Company, are accounted for using the equity method. Under the equity method, the profit or loss for the period and the other comprehensive income presented in the parent-company-only financial statements should be the same as the allocations of profit or loss for the period and of other comprehensive income attributable to the owners of the parent presented in the financial statements prepared on a cosolidated basis; and the owners' equity presented in the parent-company-only financial statements should be the same as the equity attributable to the owners of the parent presented in the financial statements prepared on a consolidated basis.

Changes in a parent's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity.

(i) Joint Arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. The IFRS classifies joint arrangements into two types — joint operations and joint ventures, which have the following characteristics: (a) the parties are bound by a contractual arrangement; and (b) the contractual arrangement gives two or more of those parties joint control of the arrangement. IFRS 11 "Joint Arrangements" defines joint control as the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (i.e., activities that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing control.

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A joint venture is a joint arrangement whereby the Company has joint control of the arrangement (i.e., joint venturers) in which the Company has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. The Company recognizes its interest in a joint venture as an investment and accounts for that investment using the equity method in accordance with IAS 28 "Investments in Associates and Joint Ventures", unless the Company qualifies for exemption from that Standard.

When assessing the classification of a joint arrangement, the Company considers the structure and legal form of the arrangement, the terms in the contractual arrangement, and other facts and circumstances. When the facts and circumstances change, the Company reevaluates whether the classification of the joint arrangement has changed.

(j) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

1) Machinery and equipment	
Electromechancial power equipment	3~12 years
Renovation	5~8 years
2) Transportation equipment	5~10 years
3) Facilities	
Computers	3~10 years
Office furniture	1~6 years

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4) Other equipment

Research and development equipment	2~14 years
Pollution prevention equipment	3~12 years
Miscellaneous equipment	1~12 years

5) Lease improvements 1~9 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(k) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a leasee

The Company recognizes a right-of-use asset and a lease liability as a lessee at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

— fixed payments, including in-substance fixed payments;

— variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

— amounts expected to be payable under a residual value guarantee; and

— payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- there is a change of its assessment on whether it will exercise an extension or termination option; or
- there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

If an arrangement contains lease and non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

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When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Company applies IFRS15 to allocate the consideration in the contract.

The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'rent income'.

(l) Intangible assets

(i) Recognition and measurement

Other intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

1) Computer software 1~3 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(m) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

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The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(n) Provisions

A provision is recognized if, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

(o) Revenue

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company's main types of revenue are explained below.

1) Sale of goods

The Company manufactures prepreg and copper clad laminate, and sales to customer. The Company recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over use the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

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The Company often offers volume discounts to its customers, revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate the discounts, using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. A refund liability is recognized for expected volume discounts payable to customers in relation to sales made until the end of the reporting period.

A receivable is recognized when the goods are delivered as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

2) Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(p) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

(ii) Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

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When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(q) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Grant date of a share-based payment award is the date which the Company confirms the numbers of shares subscribed by employees.

(r) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS 37.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;

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(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(s) Earnings per share

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share are calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as employee compensation.

(t) Operating segments

The Company discloses its segment reporting in the consolidated financial statements. Therefore, the Company does not disclose segment information in the parent-company-only financial statements.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the parent-company-only financial statements is conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers requires management to make judgements, estimates, and assumption that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in the following period.

The Company likely to be facing economic uncertainties such as natural disasters, international political uncertainties and inflation. Those events may have a significant impact in the next financial years on the following estimates, which depend on the future forecasts.

Information about judgements made in applying accounting policies do not have significant effects on the amounts recognized in the financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial years is as follows. Those assumptions and estimation have been updated to reflect the impact of economic uncertainties:

- Inventory valuation

As inventories are stated at the lower of cost or net realizable value. The Company estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determinded based on assumotions as to future demand within a specific time horizon. Due ot rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Refer to note 6(d) for further description of the valuation of inventories.

The accounting policies and disclosure of the Company include measuring financial assets and liabilities at fair value through profit or loss. The Company's financial instrument valuation group conducts independent verification on fair value by using data sources that are independent, reliable, and consistent with other resource. This financial instrument valuation group also regularly revises the input data and any essential adjustments on the fair value to confirm that evaluation results are reasonable. When measuring the fair value of an asset or a liability, the Company use market observable data. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the value techniques were as follows:

— Level 1: quoted prices (unadjusted) in active markets for identifiable assets or liabilities.

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

— Level 3: inputs for the assets or liability that are not based on observable market data. (Unobservable inputs).

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The Company recognizes transfers between levels of the fair values hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in note 6(t).

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand	$ 119	74
Cash in bank	133,508	344,332
	$ 133,627	**344,406**

Please refer to note 6(t) for the exchange rate risk and sensitivity analysis of the financial assets and liabilities of the Company.

(b) Financial assets and liabilities

(i) Financial liabilities at fair value through profit or loss

	December 31, 2023	December 31, 2022
Held-for-trading financial liabilities:		
Non-derivatives financial liabilities		
Foreign currency forward contracts	**$ -**	**7,681**

The Company holds derivative financial instruments to hedge its foreign exchange risk that the Company is exposed to, arising from its operating, financing and investing activities. The following derivative instruments not applied hedge accounting were classified as held-for-trading financial liabilities as follows:

Foreign currency forward contracts:

	December 31, 2022		
	Contract amount (in thousand)	**Currency**	**Expiration**
Foreign currency forward contracts	USD 10,000/CNY 71,213	USD Put / RMB Call	2023/1/9~2023/2/17

Please refer to note 6(s) for the amount of remeasurement at fair value recognized in profit or loss.

There was no such transaction on December 31, 2023.

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Notes to the Parent-Company-Only Financial Statements

(ii) Financial assets at fair value through other comprehensive income

	December 31, 2023	December 31, 2022
Domestic unlisted common shares	$ 5,221	2,371

The Company designated the investments shown above as equity securities as at fair value through other comprehensive income because these equity securities represent those investments that the Company intends to hold for long-term for strategic purposes.

(iii) For credit risks, please refer to note 6(t).

(iv) The aforementioned financial assets were not pledged.

(c) Receivables

	December 31, 2023	December 31, 2022
Notes receivable	$ 34,467	24,644
Accounts receivable	357,435	498,661
Accounts receivable-related parties	202,566	271,479
Less: loss allowance	(313)	(474)
	$ 594,155	794,310

The Company applies the simplified approach to provide for its expected credit losses, i.e., the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as the incorporated forward-looking information. The loss allowance were determined as follows:

	December 31, 2023		
	Gross carrying amount	Weight- average loss rate	Loss allowance
Current	$ 591,619	0.00%	-
Past due 1 to 30 days	1,249	0.00%	-
Past due 31 to 90 days	1,600	19.50%	313
Past due more the 91 days	-	100%	-
	$ 594,468		313

	December 31, 2022		
	Gross carrying amount	Weight- average loss rate	Loss allowance
Current	$ 783,469	0.02%	89
Past due 1 to 30 days	10,332	3.23%	334
Past due 31 to 90 days	983	5.19%	51
Past due more the 91 days	-	100%	-
	$ 794,784		474

(Continued)

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Notes to the Parent-Company-Only Financial Statements

The movement in the allowance for receivables (including related parties) were as follows:

	2023	2022
Balance on January 1, 2023	$ 474	3,425
Impairment loss reversed	(161)	(2,951)
Balance on December 31, 2023	**$ 313**	**474**

As of December 31, 2023 and 2022, the aforementioned receivables were not pledged.

The Company entered into separate factoring agreements with financial institutions to sell its account receivables. Under the agreements, the Company does not have the responsibility to assume the default risk of the transferred accounts receivable but is liable for the losses incurred on any business dispute (such as sales returns and discounts). The Compnay derecognized the above account receivables because it has transferred substantially all of the risks and rewards of their ownership, and it does not have any continuing involvement in them. The accounts receivable from the financial institutions were recognized as "other receivables" upon the derecognition of those accounts receivable. As of December 31, 2023 and 2022, the Company sold its accounts receivable without recourse as follows:

December 31, 2023					
Purchaser	**Amount derecognized**	**Amount advances unpaid**	**Advances paid**	**Amount recognized in other receivables**	**Range of interest rate**
KGI Commercial Bank	$ 949	854	-	949	-

December 31, 2022					
Purchaser	**Amount derecognized**	**Amount advances unpaid**	**Advances paid**	**Amount recognized in other receivables**	**Range of interest rate**
KGI Commercial Bank	$ 1,231	1,108	-	1,231	-

As of December 31, 2023 and 2022, the Company provided promissory notes, pledged as collaterals to the bank, each amounted to $9,300 thousand, for both periods.

(d) Inventories

	December 31, 2023	December 31, 2022
Raw materials	$ 224,742	158,037
Work in progress	19,804	2,817
Finished goods	13,930	54,427
Inventories in transit	887	604
	$ 259,363	**215,885**

(Continued)

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Except cost of goods sold and inventories recognized as expenses, the remaining gains or losses which were recognized as operating cost or deduction of operating cost were as follows:

	2023	2022
Losses on valuation of inventories	$ 3,920	29,799
Scrap income	(22,176)	(20,890)
	$ (18,256)	8,909

As of December 31, 2023 and 2022, the inventories were not pledged.

(e) Investments accounted for using the equity method

The components of investments accounted for using the equity method at the reporting date were as follows:

	December 31, 2023	December 31, 2022
Subsidiaries	$ 21,358,245	20,764,506
Joint venture	42,122	47,603
	$ 21,400,367	20,812,109

(i) Subsidiaries

Please refer to the consolidated financial statements for the year ended December 31, 2023.

(ii) Joint venture

To expand the manufacturing and sales of materials for laminate substrates in semiconductor packaging, the Company established MGC-ITEQ Technology Co., Ltd. as a joint venture with Mitsubishi Gas Chemical Company, Inc. on March 31, 2022. According to the agreement, both parties have the power to veto any major resolutions at the Board meetings, so the Company has no control over the joint venture; therefore, the Company classified the agreement as a joint venture and treated it by using the equity method. The Company's share of profit or loss and other comprehensive income of such investments were recognized based on the unaudited financial statements by the certified public accountant.

The Company's financial information for investments in individually insignificant joint venture accounted for using equity method at the reporting date was as follows. These financial information are included in the parent-company-only financial statements.

	December 31, 2023	December 31, 2022
Carrying amount of individually insignificant joint venture	$ 42,122	47,603

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	2023	2022
Attributable to the Company:		
Loss from continuing operations	$ (5,481)	(1,397)

(iii) As of December 31, 2023 and 2022, the investments accounted for using equity method were not pledged.

(f) Property, plant and equipment

The movements in property, plant and equipment of the Company were as follows:

	Machinery and equipment	Transport equipment	Facilities	Other equipment	Leased improvements	Total
Costs:						
Balance on January 1, 2023	$ 844,388	9,160	10,362	506,116	405,621	1,775,647
Additions	53,167	1,028	-	4,881	1,205	60,281
Disposals	(7,346)	-	(1,185)	(34,198)	(31,926)	(74,655)
Reclassification (Note)	123,424	-	-	80,890	31,336	235,650
Balance on December 31, 2023	**$ 1,013,633**	**10,188**	**9,177**	**557,689**	**406,236**	**1,996,923**
Balance on January 1, 2022	$ 493,648	9,160	10,362	329,486	241,673	1,084,329
Disposals	(1,290)	-	-	(14,650)	(414)	(16,354)
Reclassification (Note)	352,030	-	-	191,280	164,362	707,672
Balance on December 31, 2022	**$ 844,388**	**9,160**	**10,362**	**506,116**	**405,621**	**1,775,647**
Depreciation and impairment loss:						
Balance on January 1, 2023	$ 451,331	9,160	10,268	270,881	200,388	942,028
Depreciation	72,567	137	54	64,205	38,473	175,436
Disposals	(849)	-	(1,185)	(27,597)	(31,326)	(60,957)
Balance on December 31, 2023	**$ 523,049**	**9,297**	**9,137**	**307,489**	**207,535**	**1,056,507**
Balance on January 1, 2022	$ 387,376	9,028	9,536	230,037	153,167	789,144
Depreciation	64,342	132	732	55,009	47,318	167,533
Disposals	(387)	-	-	(14,165)	(97)	(14,649)
Balance on December 31, 2022	**$ 451,331**	**9,160**	**10,268**	**270,881**	**200,388**	**942,028**
Carrying amount:						
Balance on December 31, 2023	**$ 490,584**	**891**	**40**	**250,200**	**198,701**	**940,416**
Balance on January 1, 2022	**$ 106,272**	**132**	**826**	**99,449**	**88,506**	**295,185**
Balance on December 31, 2022	**$ 393,057**	**-**	**94**	**235,235**	**205,233**	**833,619**

(Note): Reclassified from the prepayments for business facilities.

As of December 31, 2023 and 2022, the property, plant and equipment of the Company were not pledged.

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(g) Right-of-use assets

The cost and accumulated depreciation of the Company leases buildings were as follows:

		Buildings
Costs:		
Balance on January 1, 2023	$	292,626
Additions		5,070
Disposals		(5,201)
Balance on December 31, 2023	**$**	**292,495**
Balance on January 1, 2022	$	288,801
Additions		3,825
Balance on December 31, 2022	**$**	**292,626**
Accumulate depreciation:		
Balance on January 1, 2023	$	118,605
Depreciation		30,258
Disposals		(5,201)
Balance on December 31, 2023	**$**	**143,662**
Balance on January 1, 2022	$	88,506
Depreciation		30,099
Balance on December 31, 2022	**$**	**118,605**
Carrying amount:		
Balance on December 31, 2023	**$**	**148,833**
Balance on January 1, 2022	**$**	**200,295**
Balance on December 31, 2022	**$**	**174,021**

(h) Other current assets and other non-current assets

(i) The other current assets of the Group were as follows:

		December 31, 2023	December 31, 2022
Net input VAT	$	74,205	62,333
Prepayments for suppliers		36	27,556
Prepaid expense and others		5,716	3,456
	$	**79,957**	**93,345**

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(ii) The other non-current assets of the Company were as follows:

	December 31, 2023	December 31, 2022
Intangible assets	$ 11,293	11,134
Materials and supplies	7,834	8,828
Net defined benefit plan assets	28,793	28,459
Refundable deposits	108,397	107,083
Others	9,860	22,236
	$ 166,177	**177,740**

(i) Short-term borrowings and short-term notes and bills payable

	December 31, 2023	December 31, 2022
Unsecured bank borrowings (currency: NTD)	$ 2,520,000	1,650,000
Short-term notes and bills payable	-	149,915
Total	**$ 2,520,000**	**1,799,915**
Unused credit lines	**$ 4,879,207**	**7,232,346**
Interest rate collars	**1.66%~1.77%**	**1.50%~1.89%**

As of December 31, 2022 the Company issued short-term notes and bills payable through Dah-Chung Bills Finance Corp. to obtain funds from the currency market. There was no such transaction for the year ended December 31, 2023.

The Company has not pledged the asset as collateral for its short-term bank borrowings.

(j) Long-term borrowings

	December 31, 2023			
	Currency	**Interest rate collars**	**Expiration**	**Amount**
Unsecured bank borrowings	NTD	1.61%~1.75%	2025.5~2025.9	$ 1,200,000
Less: current portion				-
Total				**$ 1,200,000**
Unused credit lines				**$ 567,625**

	December 31, 2022			
	Currency	**Interest rate collars**	**Expiration**	**Amount**
Unsecured bank borrowings	NTD	1.23%~1.76%	2025.5~2025.9	$ 1,200,000
Less: current portion				-
Total				**$ 1,200,000**
Unused credit lines				**$ 567,750**

For details of interest expenses, please refer to note 6(s). The Company has not pledged the asset for its long-term borrowings.

(k) Lease liabilities

Lease liabilities of the Company were as follows:

	December 31, 2023	December 31, 2022
Current	$ 28,785	28,103
Non-current	$ 119,820	144,347

For the maturity analysis, please refer to note 6(t) financial instruments.

Amount recognized in profit or loss were as follows:

	2023	2022
Interest expenses on lease liabilities	$ 2,609	3,004
Expenses relating to short-term leases and leases of low-value asset	$ 2,304	4,311

Amount recognized in the statement of cash flow were as follows:

	2023	2022
Total cash outflow for leases	$ 33,828	35,706

(i) Leases of buildings

The Company leases buildings for its factory and office space. The leases run for a period of 4 to 10 years. Some leases include an option to renew the leases for an additional period of the same duration after the end of the contract term.

(ii) The Company also leases machinery with contract terms within a year. These leases are short-term leases or leases of low-value items. The Company has selected not to recognize right-of-use assets and lease liabilities for these leases.

(l) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value were as follows:

	December 31, 2023	December 31, 2022
Present value of the defined benefit obligations	$ 21,928	22,706
Fair value of plan assets	(50,721)	(51,165)
Net defined benefit assets (under other non-current assets)	$ (28,793)	(28,459)

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The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Company' s Bank of Taiwan labor pension reserve account balance amounted to \$50,721 thousand as of December 31, 2023. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movement in present value of the defined benefit obligations for the Company were as follows:

	2023	2022
Defined benefit obligations on January 1	$ 22,706	25,584
Current service costs and interest costs	363	171
Remeasurements of the net defined benefit asset		
—Actuarial losses (gains) arising from financial assumptions	-	(1,438)
—Actuarial losses (gains) arising from experience adjustments	379	(1,079)
Benefits paid by the plan	(1,520)	(532)
Defined benefit obligations on December 31	**$ 21,928**	**22,706**

3) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Company were as follows:

	2023	2022
Fair value of plan assets on January 1	$ 51,165	47,666
Interest income	819	326
Remeasurements of the net defined benefit asset:		
—Return on plan assets excluding interest income	257	3,705
Benefits paid by the plan	(1,520)	(532)
Fair value of plan assets on December 31	**$ 50,721**	**51,165**

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Notes to the Parent-Company-Only Financial Statements

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Company were as follows:

	2023	2022
Current service costs	$ -	-
Net interest of net assets for defined benefit assets	(456)	(155)
	$ (456)	**(155)**

	2023	2022
Operating expense	**$ (456)**	**(155)**

5) Remeasurements of the net defined benefit asset recognized in the other comprehensive income

The Company's remeasurements of the net defined benefit asset recognized in the other comprehensive income were as follow:

	2023	2022
Accumulated amount on January 1	$ (11,628)	(5,406)
Recognized during the period	122	(6,222)
Accumulated amount on December 31	**$ (11,506)**	**(11,628)**

6) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	December 31, 2023	December 31, 2022
Discount rate	1.60 %	1.60 %
Future salary increase rate	2.00 %	2.00 %

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date for 2023 is $0 thousand.

The weighted-average lifetime of the defined benefits plans for the year ended December 31, 2023 is 2.3 years.

7) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Impact on the defined benefit obligations	
	Increased 0.25%	**Decreased 0.25%**
December 31, 2023		
Discount rate	$ (389)	347
Future salary increasing rate	318	(312)

(Continued)

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	Impact on the defined benefit obligations	
	Increased 0.25%	**Decreased 0.25%**
December 31, 2022		
Discount rate	$ (377)	387
Future salary increasing rate	357	(349)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. In practice, assumptions may be interactive with each other. The method used in the sensitivity analysis is consistent with the calculation of net pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the above-mentioned preparation of sensitivity analysis for 2023 and 2022.

(ii) Defined contribution plans

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to $13,462 thousand and $13,703 thousand for the years ended December 31, 2023 and 2022, respectively.

(m) Income taxes

(i) Income tax expenses

The components of income tax expenses (benefit) for the years ended of December 31, 2023 and 2022 were as follows:

	2023	**2022**
Current income tax expense (benefit)		
Current period	$ 145,585	-
Adjustment for prior periods	7,792	(2,194)
	153,377	(2,194)
Deferred income tax expense		
Origination and reversal of temporary differences	293,568	19,404
Income tax expense	**$ 446,945**	**17,210**

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Notes to the Parent-Company-Only Financial Statements

The amount of income tax benefit (expense) recognized in other comprehensive income (loss) for 2023 and 2022 were as follows:

	2023	2022
Components of other comprehensive income that will be reclassified to profit or loss:		
Exchange differences on translation	$ 70,145	(57,538)

Reconciliation of income tax expense and income before tax for 2023 and 2022 were as follows:

	2023	2022
Profit before tax	$ 1,123,571	1,872,383
Income tax calculated using the Company's domestic tax rate	$ 224,714	374,477
Non-deductible expenses	3,879	7,382
Exempt income	(95)	(344,797)
Change in unrecognized temporary differences	222,644	(17,658)
Adjustment for prior periods	7,792	(2,194)
Tax incentives	(21,895)	-
Additional tax on undistributed earnings	9,714	-
Others	192	-
	$ 446,945	17,210

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets and liabilities

The Company was able to control the timing of the reversal of the temporary differences associated with investments in subsidiaries as of December 31, 2023 and 2022. Also, management considered its probablility that the temporary differences will not reverse in the foreseeable future. Hence, such temporary differences were not recognized under deferred tax liabilities as follows:

	December 31, 2023	December 31, 2022
Aggregate amount of temporary differences related to investments in subsidiaries	$ 2,970,681	3,263,470

There were no unrecognized deferred tax assets as of December 31, 2023 and 2022.

(Continued)

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Notes to the Parent-Company-Only Financial Statements

(iii) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2023 and 2022 were as follows:

Deferred tax assets:

	Allowance for valuation of inventories	Impairment of receivables	Exchange differences on translation of the financial statements of foreign operations	Loss carryforward	Others	Total
Balance on January 1, 2023	$ 38,757	5,888	68,713	120,470	1,048	234,876
Recognized in profit or loss	(5,865)	1,014	-	18	852	(3,981)
Recognized in other comprehensive income	-	-	70,145	-	-	70,145
Balance on December 31, 2023	**$ 32,892**	**6,902**	**138,858**	**120,488**	**1,900**	**301,040**
Balance on January 1, 2022	$ 32,797	5,635	126,251	-	82,660	247,343
Recognized in profit or loss	5,960	253	-	120,470	(81,612)	45,071
Recognized in other comprehensive income	-	-	(57,538)	-	-	(57,538)
Balance on December 31, 2022	**$ 38,757**	**5,888**	**68,713**	**120,470**	**1,048**	**234,876**

Deferred tax liabilities:

	Investment income under equity method	Unrealized foreign exchange gains	Total
Balance on January 1, 2023	$ 457,488	3,488	460,976
Recognized in profit or loss	292,985	(3,398)	289,587
Balance on December 31, 2023	**$ 750,473**	**90**	**750,563**
Balance on January 1, 2022	$ 396,501	-	396,501
Recognized in profit or loss	60,987	3,488	64,475
Balance on December 31, 2022	**$ 457,488**	**3,488**	**460,976**

(iv) Assessment of tax

The Company's income tax returns for the years through 2021 were assessed and approved by the local tax authorities.

(n) Capital and other equity

(i) Ordinary shares

As of December 31, 2023 and 2022, the number of authorized common shares of both 500,000 thousand shares had a par value of $10 per share. The total value of the authorized ordinary shares amounted to both $5,000,000 thousands, of which 362,957 thousand shares, all issued shares were paid up upon issuance.

The Company cancelled 20,000 thousand treasury shares, at a par value of $10 per share, totaling $200,000 thousand, with the record date set on November 2, 2022, based on a resolution approved during the board meeting held on November 1, 2022. All related registration procedures had been completed as of the reporting date.

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Notes to the Parent-Company-Only Financial Statements

(ii) Capital suplus

The details of capital surplus were as follows:

	December 31, 2023	December 31, 2022
Additional paid-in capital	$ 9,167,555	9,167,555
Expired employee stock options	10,378	10,378
Employee stock options	36,763	23,733
	$ 9,214,696	**9,201,666**

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(iii) Retained earnings

The Company's Article of Incorporation stipulates that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance is to be appropriated as follows:

A. 10% is to be appropriated as legal reserve

B. Special reserve should be appropriated (reversed) in according to relevant laws and regulations.

C. If there is any remaining amount, combine it with the cumulative undistributed earnings, the Board of Directors shall propose for the distribution of earnings subject to the final approval of the shareholders' meeting for the distribution of dividends and bonuses to shareholders. Where the earnings, mentioned above is paid out in cash, the Board of Directors shall be authorized to adopt a supermajority resolution for the payout and report it to the shareholders' meeting, whereas if it is paid out by issuing new shares, it shall be carried out after a resolution is adopted by the shareholders' meeting in accordance with the regulations.

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

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Notes to the Parent-Company-Only Financial Statements

1) Legal reserve

Appropriation of earnings to legal reserve shall be made until the reserve equals the Company's paid-in capital. Legal reserves may be used to offset the deficit. When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

In accordance with the requirements issued by the FSC, a portion of earnings shall be allocated as special reserve during earnings distribution. If the Company has already reclassified a portion of earnings to special reserve under the preceding subparagraph, it shall make supplemental allocation of special reserve for any difference between the amount it has already allocated and the amount of the current-period total net reduction of other shareholders' equity. An equivalent amount of special reserve shall be allocated from the after-tax net profit in the period, plus items other than after-tax net profit in the period, that are included in the undistributed current-period earnings and the undistributed prior-period earnings. A portion of undistributed prior-period earnings shall be reclassified to special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to the net reduction of other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Appropriation of earnings

The amounts of cash dividends on the 2022 and 2021 earnings distribution had been approved during the board meeting on March 7, 2023 and March 6, 2022, respectively, the relevant dividend distributions to shareholders were as follows:

	2022		2021	
	Amount per share (in dollars)	**Amount**	**Amount per share (in dollars)**	**Amount**
Dividends distributed to ordinary shareholders:				
Cash	$ 3.0	$ 1,088,872	5.0	1,914,786

The related information mentioned above would be available at the Market Observation Post System website.

The amount of cash dividends on the 2023 earnings distribution, had been approved during the board meeting held on February 27, 2024, the relevant dividend distributions to shareholders were as follows:

	2023	
	Amount per share (in dollars)	**Amount**
Dividends distributed to ordinary shareholders:		
Cash	$ 1.5	544,436

(Continued)

ITEQ CORPORATION
Notes to the Parent-Company-Only Financial Statements

(iv) Treasury shares

In accordance with the requirements under section 28(2) of the Securities and Exchange Act, the Company repurchased 20,000 thousand treasury shares, totaling $1,399,609 thousand, which cannot be pledged and do not hold any shareholder rights before their transfer during the period between July 11 and September 28, 2022, in order to protect its integrity and shareholders' equity, based on the resolutions decided during its board held on July 8 and August 23, 2022. As of December 31,2022, all of the shares had been cancelled.

(v) Other equity (net after tax)

		Exchange differences on translation of foreign financial statement	Unrealized gain (losses) on financial assets at fair value through other comprehensive income	Total
Balance on January 1, 2023	$	(274,855)	(6,483)	(281,338)
Unrealized gain (losses) on financial assets at fair value through other comprehensive income		-	8,779	8,779
Exchange difference on translation of foreign financial statements		(280,579)	-	(280,579)
Balance on December 31, 2023	**$**	**(555,434)**	**2,296**	**(553,138)**
Balance on January 1, 2022	$	(505,008)	(9,174)	(514,182)
Unrealized gain (losses) on financial assets at fair value through other comprehensive income		-	2,691	2,691
Exchange difference on translation of foreign financial statements		230,153	-	230,153
Balance on December 31, 2022	**$**	**(274,855)**	**(6,483)**	**(281,338)**

(o) Earnings per share

The calculation for the basic earnings per share and diluted earnings per share of the Company were as follows:

Unit: thousand shares

		2023	2022
Basic earnings per share			
Profit attributable to common shareholders of the Company	**$**	**676,626**	**1,855,173**
Weighted average number of common shares		**362,957**	**375,514**
Basic earnings per share (express in New Taiwan dollars)	**$**	**1.86**	**4.94**

		2023	2022
Diluted earnings per share			
Profit attributable to common shareholders of the Company	**$**	**676,626**	**1,855,173**
Weighted average number of common shares (basic)		362,957	375,514
Effect of employee compensation		734	2,204
Weighted average number of common shares (diluted)		**363,691**	**377,718**
Diluted earnings per share (express in New Taiwan dollars)	**$**	**1.86**	**4.91**

(Continued)

ITEQ CORPORATION
Notes to the Parent-Company-Only Financial Statements

(p) Share-based payment

As of December 31, 2023 and 2022, the Company had the share-based payment arrangements as follows:

Type	Equity-settled Employee stock options issued in 2021
Grant date	2021.7.30
Number of shares granted (units)	1,000
Number of common shares eligible (shares)	1,000
Subscription price per share (dollar)	$95.9

The duration of employee stock option is five years, after two years from the grant of employee stock options, the option holder may exercise were as follows:

Employee stock options grant period	Exercise rate (cumulative)
The 2nd year of the expired date	60 %
The 3nd year of the expired date	80 %
The 4nd year of the expired date	100 %

(i) Determined the fair value of equity instruments granted

The Company used Black-Scholes Model in measuring the fair value of its employee stock option issued in 2021, the fair value of employee stock option is 57.2 dollars per units at the date of grant. The summarized factors considered were as follows:

	Employee stock options plan in 2021
Exercise price at grant date (dollar)	$95.9
Expected life	3.5 years; 4 years; 4.5 years
Share price at grant date (dollar)	$137
Expected volatility	36.48%
Expected dividend	-
Risk-free interest rate	0.289%；0.299%；0.308%

(ii) Description of share-based payment arrangements

Details of the employee stock options were as follows:

	2023		2022	
	Weighted average exercise price (dollar)	Number of options (units)	Weighted average exercise price (dollar)	Number of options (units)
Outstanding on January 1	$ 95.9	1,000	95.9	1,000
Granted during the period	-	-	-	-
Outstanding on December 31	95.9	**1,000**	95.9	**1,000**
Exercisable on December 31		**600**		-

(Continued)

ITEQ CORPORATION
Notes to the Parent-Company-Only Financial Statements

For the years ended December 31, 2023 and 2022, the Company recognized the employee stock option compensation cost (attributable to subsidiaries employee) were $13,030 thousand and $16,404 thousand, respectively, and recorded under capital surplus-employee stock options.

(q) Employees’ compensation and Directors' remuneration

In accordance with the Articles of Incorporation, the Company should contribute no less than 2% of the profit as employee compensation and less than 2% as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The distribution of shares and cash of the abovementioned employee compensation is approved by the Board of Directors, the recipients may include the employees' of the Company's subsidiaries who meet certain conditions, the conditions and distribution methods are determined by the Board of Directors.

The Company accrued its employees' compensation and directors' remuneration were as follows:

	2023	2022
Employees' compensation	$ 47,308	78,837
Directors' remuneration	11,827	19,709
	$ 59,135	**98,546**

The abovementioned amount of employees’ compensation and remuneration of Directors were estimating based on profit before tax, with deducted multiplied by the distribution ratio of employees’ compensation and remuneration of Directors set out in the Articles of Incorporation as the estimation basis and presented as the operating costs or operating expenses of the period. If there is any difference between the actual distribution amount in the following year and the estimated amount, it shall be treated as changes in accounting estimates, and the difference is recognized as the profit or loss of the following year.

The amounts, as stated in the parent-company-only financial statements, are identical to those of the actual distributions for 2023 and 2022. Related information would be available at the Market Observation Post System website.

(r) Revenue from contracts with customers

(i) Details of revenue

	2023	2022
Primary geographical markets:		
Asia	$ 1,285,633	1,755,493
Europe	123,584	138,641
Others	49,460	52,027
	$ 1,458,677	**1,946,161**
Major products		
Copper clad laminate	$ 783,540	1,109,043
Prepreg	409,180	533,311
Others	265,957	303,807
	$ 1,458,677	**1,946,161**

(Continued)

ITEQ CORPORATION

Notes to the Parent-Company-Only Financial Statements

(ii) Contract balance

	December 31, 2023	December 31, 2022	January 1, 2022
Notes receivable	$ 34,467	24,644	66,527
Accounts receivable	357,435	498,661	514,588
Accounts receivable due from related parties	202,566	271,479	271,479
Less: loss allowance	(313)	(474)	(3,425)
Total	$ **594,155**	**794,310**	**849,169**

As of December 31, 2023 and 2022, the balance of contract liabilities from sales of products were amounted to $2,913 thousand and $685 thousand (accounted for other current liabilities), respectively. The amount of revenue recognized for the years ended December 31, 2023 and 2022 that were included in the contract liabilities at the beginning of the period amounted to $685 thousand and $0 thousand, respectively. The major change in the balance of contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received.

(s) Non-operating income and expenses

(i) Interest income

	2023	2022
Interest income from bank deposits	$ **3,850**	**2,409**

(ii) Other income

	2023	2022
Other income	$ **25,915**	**15,197**

(iii) Other gains and losses

	2023	2022
Foreign exchange gain (losses)	$ (25,420)	115,420
Net losses on financial assets and liabilities at fair value through profit or loss	(6,547)	(5,150)
Reversal of impairment loss on property, plant and equipment and prepayment of business facilities	-	17,856
Losses on disposals of property, plant and equipment	(3,438)	(1,162)
Insurance claim income	118,340	450,000
Others	(7)	(28)
	$ **82,928**	**576,936**

(Continued)

(iv) Financial costs

	2023	2022
Interest expenses	$ 57,992	20,541

(t) Disclosures for financial instruments

(i) Credit risk

1) Credit risk exposure

The counterparty's failure to perform its obligation, and the Company's provision for financial guarantees which might lead in financial losses, may result in a maximum exposure to the Company's credit risk for the years ended December 31, 2023 and 2022 as follows:

A. The carrying amount of financial assets recognized in the balance sheet; and

B. The amount of liabilities as a result from the Company providing financial guarantees were $7,833,426 thousand and $8,767,705 thousand, respectively.

2) Concentration of credit risk

As of December 31, 2023 and 2022, 76% and 80%, respectively, of accounts receivable were concentrated on the Company's ten major customers. Thus, the Company's credit risk is significantly centralized.

3) Credit risk of receivables

For credit risk exposure of receivables, please refer to note 6(c).

Other financial assets at amortized cost includes other receivables and guarantee deposits received, there were no loss allowance as of December 31, 2023 and 2022.

All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12-month expected credit losses. Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(f).

ITEQ CORPORATION
Notes to the Parent-Company-Only Financial Statements

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows	Within 1 year	1-2 years	2-5 years	More than 5 years
December 31, 2023						
Non-derivative financial liabilities						
Short-term borrowings	$ 2,520,000	2,524,629	2,524,629	-	-	-
Accounts payable (including related parties)	606,517	606,517	606,517	-	-	-
Other payables (including related parties)	392,242	392,242	392,242	-	-	-
Lease liabilities	148,605	154,682	30,936	30,936	92,810	-
Long-term borrowings	1,200,000	1,230,746	20,285	1,210,461	-	-
Guarantee deposits received	1,500	1,500	-	1,500	-	-
Financial guarantee contracts	44,041	44,041	44,041	-	-	-
	$ 4,912,905	**4,954,357**	**3,618,650**	**1,242,897**	**92,810**	**-**
December 31, 2022						
Non-derivative financial liabilities						
Short-term borrowings	$ 1,650,000	1,652,218	1,652,218	-	-	-
Short-term notes and bills payable	149,915	150,000	150,000	-	-	-
Accounts payable (including related parties)	585,248	585,248	585,248	-	-	-
Other payables (including related parties)	584,574	584,574	584,574	-	-	-
Lease liabilities	172,450	180,888	30,638	30,936	89,264	30,050
Long-term borrowings	1,200,000	1,233,532	18,172	711,071	504,289	-
Guarantee deposits	900	900	-	900	-	-
Financial guarantee contracts	36,659	36,659	36,659	-	-	-
Derivative financial liabilities						
Foreign currency foward contracts	7,681	7,681	7,681	-	-	-
	$ 4,387,427	**4,431,700**	**3,065,190**	**742,907**	**593,553**	**30,050**

The Company does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Foreign currency risk

1) Exposure to currency risk

The Company' significant exposure to foreign currency risk were as follows:

	December 31, 2023			December 31, 2022		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets						
Monetary items						
USD	22,075	30.71	677,813	37,007	30.71	1,136,485
Non-Monetary items						
USD	667,865	30.71	20,506,788	663,870	30.71	20,387,439
Financial liabilities						
Monetary items						
USD	10,858	30.71	333,395	5,653	30.71	173,604

(Continued)

2) Sensitivity analysis

The Company' s exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable and accounts payable and etc. that are denominated in foreign currency. A strengthening (weakening) of 1% of the NTD against the USD as of December 31, 2023 and 2022 would have increased (decreased) the profit before tax by $3,444 thousand and $9,629 thousand, respectively. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the reporting date. The analysis assumes that all other variables remain constant and performed on the same basis for 2023 and 2022.

The equity would be changed by $205,068 thousand and $203,874 thousand due to exchange differences on translation of foreign financial statements.

3) Foreign exchange gain and loss on monetary items

Since the Company has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For years ended December 31, 2023 and 2022, foreign exchange gain (loss) (including realized and unrealized portions) amounted to $(25,420) thousand and $115,420 thousand, respectively.

(iv) Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Company's financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of non-derivative financial instruments on the reporting date. Regarding liabilities with variable interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 1% when reporting to management internally, which also represents the Company' s management's assessment of the reasonably possible interest rate change.

If the interest rate had increased / decreased by 1%, the Company' s profit before tax would have increased / decreased by $37,200 thousand and $29,999 thousand, respectively, for the years ended December 31, 2023 and 2022, with all other variable factors remaining constant. This is mainly due to the Company's borrowing at variable rates.

(Continued)

ITEQ CORPORATION

Notes to the Parent-Company-Only Financial Statements

(v) Other market price risk

For the years ended December 31, 2023 and 2022, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

	2023		2022	
Price of securities on the reporting date	**Other comprehensive income after tax**	**Profit**	**Other comprehensive income after tax**	**Profit**
Increasing 1%	$ **52**	**-**	**24**	**-**
Decreasing 1%	$ **(52)**	**-**	**(24)**	**-**

(vi) Fair value of financial instruments

1) Categories and fair value of financial instruments

The fair value of financial assets and liabilities at fair value through profit or loss, and financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Company's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

	December 31, 2023				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income					
Domestic unlisted common shares	$ 5,221	-	-	5,221	5,221
Financial assets measured at amortized cost					
Cash and equivalents	133,627	-	-	-	-
Notes receivable and accounts receivable (including related parties)	594,155	-	-	-	-
Other receivables (including related parties)	204,229	-	-	-	-
Refundable deposits	108,397	-	-	-	-
Subtotal	1,040,408	-	-	-	-
Total	$ 1,045,629	-	-	5,221	5,221
Financial liabilities at amortized cost					
Bank borrowings	$ 3,720,000	-	-	-	-
Accounts payable (including related parties)	606,517	-	-	-	-
Lease liabilities	148,605	-	-	-	-
Other payables (including related parties)	392,242	-	-	-	-
Guarantee deposits received	1,500	-	-	-	-
Financial guarantee contracts	44,041	-	-	-	-
Subtotal	4,912,905	-	-	-	-
Total	**$ 4,912,905**	-	-	-	-

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Notes to the Parent-Company-Only Financial Statements

	December 31, 2022				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income					
Domestic unlisted common shares	$ 2,371	-	-	2,371	2,371
Financial assets measured at amortized cost					
Cash and equivalents	344,406	-	-	-	-
Notes receivable and accounts receivable (including related parties)	794,310	-	-	-	-
Other receivables (including related parties)	399,058	-	-	-	-
Refundable deposits	107,083	-	-	-	-
Subtotal	1,644,857	-	-	-	-
Total	$ 1,647,228	-	-	2,371	2,371
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	$ 7,681	-	7,681	-	7,681
Financial liabilities measured at amortized cost					
Bank borrowings	2,850,000	-	-	-	-
Short-term notes and bills payable	149,915	-	-	-	-
Accounts payable (including related parties)	585,248	-	-	-	-
Lease liabilities	172,450	-	-	-	-
Other payables (including related parties)	584,574	-	-	-	-
Guarantee deposits received	900	-	-	-	-
Financial guarantee contracts	36,659	-	-	-	-
Subtotal	4,379,746	-	-	-	-
Total	**$ 4,387,427**	**-**	**7,681**	**-**	**7,681**

2) Valuation techniques for financial instruments measured at fair value

a) Non-derivative financial instruments

The fair value of financial instrument traded in an active market is based on the quoted market prices. The quotations, which is published by the main exchange center, is included in the fair value of the listed securities instruments in an active market open bid.

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry company, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. Otherwise, the market is deemed to be inactive, Normally, a market is considered to be inactive as follows:

i) the bid-ask spread is increasing; or

ii) the bid-ask spread varies significantly; or

iii) there has been a significant decline in trading volume.

When the financial instrument of the Company is traded in an active market, its fair value is illustrated by the category and nature as follows:

- The fair value of stocks listed on domestic and foreign markets, which are the financial assets with standard terms and conditions and traded in an active market, are based on the market closing prices.

Except the aforementioned financial instruments traded in an active market, measurements of fair value of financial instruments were based on a valuation technique. Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique including a model using observable market data at the reporting date.

When the financial instrument of the company is traded in an inactive market, its fair value is illustrated by the category and nature as follows:

- Unquoted equity instruments: the fair value of financial instruments transactions in an inactive market, which is valued by comparable method. The main hypothesis is referred from the quotations of comparable listed companies and earning multiplies of price-book ratio proportion as basic, which is adjusted by the discount affections of equity securities lacking market liquidity.

b) Derivative financial instruments

Measurement of the fair value of derivative instruments is based on the valuation techniques generally accepted by market participants such as the discounted cash flow or option pricing models. Fair value of forward currency is usually determined by the forward currency exchange rate.

3) Transfers between Level 1 and Level 2

The Company didn’ t have any fair value transfer between levels for the years ended December 31, 2023 and 2022.

4) Reconciliation of Level 3 fair values

	Fair value through other comprehensive income
	Unquoted equity instruments
Balance on January 1, 2023	$ 2,371
Total gains or losses:	
Recognized in other comprehensive income	2,850
Balance on December 31, 2023	**$ 5,221**
Balance on January 1, 2022	$ 5,304
Total gains or losses:	
Recognized in other comprehensive income	(2,933)
Balance on December 31, 2022	**$ 2,371**

(Continued)

ITEQ CORPORATION
Notes to the Parent-Company-Only Financial Statements

The aforementioned total gains and losses that were included in "unrealized gains and losses on financial assets at fair value through other comprehensive income", which related to holding assets on December 31, 2023 and 2022 were as follows:

	2023	2022
Recognized in other comprehensive income	$ 2,850	(2,933)

5) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Company's financial instruments that use Level 3 inputs to measure fair value include "fair value through other comprehensive income – equity investments".

Most of the Company's financial instruments that use level 3 inputs to measure fair value have multiple significant unobservable inputs. There is no correlation exsistence among the significant unobservable inputs of equity investments that have no active markets because they were independent of each other.

Quantified information of significant unobservable inputs was as follows:

Items	Evaluation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income-equity investments without an active market	Comparable companies approach	• Price-book ratio (as of December 31, 2023 and 2022 were 3.24 and 3.07, respectively) • Market liquidity discount rate (as of December 31, 2023 and 2022 were both 25%)	• The higher the price-book ratio, the higher the fair value • The higher the market liquidity discount rate, the lower the fair value

6) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The fair value measurements of the Company's financial instruments are reasonable. However, changes in the use of valuation models or valuation variables may affect the estimations. As of December 31, 2023 and 2022, for value measurements in Level 3, if changing valuation variables, would have the following effects on the other comprehensive income were as follows:

		Fair value variation on other comprehensive income			
		Favorable		Unfavorable	
Input	Upwards or downward changes	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Price-book ratio	5%	211	68	(211)	(68)
Market liquidity discount rate	5%	82	43	(82)	(43)

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Notes to the Parent-Company-Only Financial Statements

The favorable and unfavorable effects represent the change in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects from changes in a single input, and it does not include the inter-relationships with another input.

(u) Financial risk management

(i) Overview

The Company have exposures to the following risks from its financial instruments:

1) credit risk

2) liquidity risk

3) market risk

The following likewise discusses the Company's objectives, policies and processes for measuring and managing the above-mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying parent-company-only financial statements.

(ii) Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The financial management department is responsible for developing and managing risk management operations for the Company, and reports regularly to the Board of Directors on its activities.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company's Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

(iii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company’s receivables from customers and investments in debt securities.

(Continued)

1) Notes and accounts receivable

According to the credit policy, each new customer is analyzed individually for creditworthiness before the Company’ s standard payment, trade and other terms and conditions are offered. The Company’s review includes external ratings, when available, and, in some cases, bank references. Credit limits are established for each customer, these limits are reviewed regularly.

2) Investments

The exposure to credit risk for the bank deposits, equity instruments, and other financial instruments are measured and monitored by the Company’ s finance department. The Company only deals with financial institutions and stock issued by companies with good credit ratings. The Company does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties.

3) Guarantees

According to the Company's policy, it may only provide financial guarantee for the companies which listed in the Company's Procedures for Endorsement & Guarantee. The Company did not provide financial guarantees to other company which is not its subsidiary as of December 31, 2023 and 2022.

(iv) Liquidity risk

The Company manages sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Company's management supervises the banking facilities and ensures compliance with the terms of loan agreements.

Loans and borrowings from the bank form an important source of liquidity for the Company. As of December 31, 2023 and 2022, the Company's unused credit line were amounted to $5,446,832 thousand and $7,800,096 thousand, respectively.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Company buys and sells derivatives, and also incurs financial liabilities, in order to manage market risk. Generally, all transactions are executed in accordance with policies approved by the Board of Directors, and related financial operations also supervised by the internal audit department.

1) Currency risk

The Company is exposed to currency risk on sales and purchases transactions that are denominated in a currency other than the respective functional currencies of the Company’s entities, primarily the NTD. The currencies used in these transactions are the NTD, USD and RMB.

(Continued)

ITEQ CORPORATION

Notes to the Parent-Company-Only Financial Statements

The Company monitors exposure of individual foreign currency assets and liabilities periodically and uses forward foreign exchange contracts to manage risks to the extent permitted by the policy. The maturity date of forward foreign exchange contracts undertaken by the Company is less than one year and does not meet the conditions of hedging accounting.

2) Interest rate risk

The Company's long-term and short-term borrowings are mainly floating rate debts, so changes in market interest rates will cause their effective interest rates to change accordingly, resulting in fluctuations in their future cash flows. In response to the risk of interest rate changes, the Company mainly adopts regular assessment of bank borrowing interest rates and maintains good relationships with financial institutions to obtain lower financing costs, and at the same time strengthens working capital management to reduce its dependence on bank borrowings and diversify the risk of interest rate changes.

3) Other market price risk

Risks arising from the Company's holding of equity instruments for the purpose of monitoring cash flow requirements and planning idle funds. The management of the Company plans the investment targets according to the timing of the cash flow requirements. Significant investments are managed individually and all purchase and sale decisions are approved by the Board of Directors.

(v) Capital management

The Company's policy is to manage its capital to safeguard the capacity to continue as a going concern, to continue to provide returns for shareholders, maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital. The Company use the debt-to-equity ratio to manage capital. This ratio is the total net debt divided by the total capital. Net liabilities from the balance sheet are derived from the total liabilities less cash and cash equivalents. The total equity is the entire component of the equity.

The debt-to-capital ratios at the reporting date were as follows:

	December 31, 2023	December 31, 2022
Total liabilities	$ 5,670,186	4,868,725
Less: cash and cash equivalents	(133,627)	(344,406)
Net liabilities	**$ 5,536,559**	**4,524,319**
Total equity	**$ 19,439,848**	**20,110,986**
Debt-to-equity ratio	**28.48%**	**22.50%**

As of December 31, 2023 and 2022, the Company's capital management method has not changed.

ITEQ CORPORATION

Notes to the Parent-Company-Only Financial Statements

(w) Investing and financing activities not affecting cash flow

The reconciliation of liabilities arising from financing activities of the Company were as follows:

	January 1, 2023	Cash flows	Non-cash changes	December 31, 2023
Short-term borrowings	$ 1,650,000	870,000	-	2,520,000
Short-term note and bills payable	149,915	(149,915)	-	-
Long-term borrowings	1,200,000	-	-	1,200,000
Lease liabilities	172,450	(28,915)	5,070	148,605
Guarantee deposits received	900	600	-	1,500
Total liabilities from financing activities	$ 3,173,265	691,770	5,070	3,870,105

	January 1, 2022	Cash flows	Non-cash changes	December 31, 2022
Short-term borrowings	$ -	1,650,000	-	1,650,000
Short-term note and bills payable	-	149,618	297	149,915
Long-term borrowings	-	1,200,000	-	1,200,000
Lease liabilities	197,016	(28,391)	3,825	172,450
Guarantee deposits received	2,500	(1,600)	-	900
Total liabilities from financing activities	$ 199,516	2,969,627	4,122	3,173,265

(7) Related-party transactions

(a) Names and relationship with related parties

The followings are entities that have transactions with related party during the periods covered in the parent-company-only financial statements.

Name of related party	Relationship with the Company
BangMao Investment Co., Ltd. (BangMao)	Subsidiary
ITEQ International Ltd. (ITEQ International)	Subsidiary
Inspire Investments Limited (IIL)	Subsidiary
Eagle Great Investments Ltd. (Eagle Great)	Subsidiary
International Partners Ltd. (IPL)	Subsidiary
ITEQ (Huangjiang) Corporation (ITEQ (HJ))	Subsidiary
ITEQ (Dongguan) Corporation (ITEQ (DG))	Subsidiary
ITEQ (Guangzhou) Corporation (ITEQ (GZ))	Subsidiary
ITEQ (Wuxi) Corporation (ITEQ (WX))	Subsidiary
ITEQ (Jiangxi) Electronic Technology Co., Ltd. (ITEQ (JX))	Subsidiary
ITEQ Corporation (Thailand) Ltd. (ITEQ(TL)) (Note)	Subsidiary
WIN Semiconductors Corp. (WIN Corporation)	The entity's Chairman is the Company's Chairman
MGC-ITEQ Technology Co., Ltd. (MGC Corporation)	Affiliate
Tian He Int'l Enterprise Co., Ltd. (Tian He Corporation)	Other related party
Fu Cun Construction Co. (Fu Cun Corporation.)	Other related party

(Note) : It was established in the first quarter of 2023.

(Continued)

ITEQ CORPORATION
Notes to the Parent-Company-Only Financial Statements

(b) Significant transactions with related parties

(i) Sales

The Company's significant sales amount and outstanding balance to related parties were as follows:

	Sales		Accounts receivable due from related parties	
	2023	**2022**	**2023**	**2022**
Subsidiary — ITEQ(JX)	$ 223,417	210,532	151,455	226,181
Subsidiary — Others	162,624	131,801	51,111	45,298
	$ 386,041	**342,333**	**202,566**	**271,479**

The implicit unrealized gross margin of unsold inventory that the Company sold to its subsidiaries were $6,467 thousand and $5,234 thousand, recognized as investments accounted for using equity method, for the years ended December 31, 2023 and 2022, respectively.

The selling price and payment terms of sales to related parties depend on the economic environment and market competition, and are not significantly different from those with third-parties customers. However, there are some deferred remittance situations. There was no collateral on the accounts receivable from related parties, the Company did not recognized allowance of impairment after considerations.

(ii) Purchase

The Company's significant purchases amount and outstanding balance to related parties were as follows:

	Purchase		Accounts payable - related parties	
	2023	**2022**	**2023**	**2022**
Subsidiary — IIL	$ 287,500	356,194	141,037	188,659
Subsidiary — ITEQ(WX)	8,872	168,249	1,039	4,332
Subsidiary — Others	17,701	87,562	4,285	14,985
	$ 314,073	**612,005**	**146,361**	**207,976**

The Company's purchase payment terms to related parties are not significantly different from those of general manufacturers.

ITEQ CORPORATION
Notes to the Parent-Company-Only Financial Statements

(iii) Property transactions

1) Acquisition of property, plant and equipment

The acquisition price of property, plant and equipment from related parties were as follows:

	Acquisition price	
	2023	**2022**
Subsidiary — ITEQ(JX)	$ 568	-

2) Disposals of property, plant and equipment

The disposals of property, plant and equipment to related parties were as follows:

	Disposal price	
	2023	**2022**
Subsidiary — ITEQ(DG)	$ 11,361	-

	Gain (loss) on disposals	
	2023	**2022**
Subsidiary — ITEQ(DG)	$ 3,029	-

(iv) Loans to related parties

The Company's account receivable has not been collected for more than 3 months after the normal credit period; hence, it was deemed as loan to related party, recognized as account receivable due to related party, as follows:

	2023	**2022**
Subsidiary—ITEQ(JX)	$ -	115,495

The aforementioned accounts receivable were collected in 2023.

(v) Endorsement and guarantee

For the years ended December 31, 2023 and 2022, the Company provided a bank loan guarantee to "IPL", "IIL", "ITEQ(DG)" and "ITEQ(JX) " amounted to $7,833,426 thousand and $8,767,705 thousand, respectively.

ITEQ CORPORATION
Notes to the Parent-Company-Only Financial Statements

(vi) Other income

	Transaction consideration	
	2023	**2022**
Subsidiary — ITEQ(WX)	$ -	10,597
Subsidiary — Others	36	-
Affiliate — MGC Corporation	992	-
	$ 1,028	**10,597**

The Company's other income to related parties were mainly from human support, leasing and patent transfer income.

(vii) Dividend received

For the years ended December 31, 2023 and 2022, the Company has received dividends from ITEQ International amounted to $1,309,550 thousand and $149,900 thousand, respectively. As of December 31, 2023 and 2022, the uncollected dividend amount were $184,230 thousand and $184,260 thousand, respectively.

(viii) Advance payables

For the years ended December 31, 2023 and 2022, the other receivable of $108,764 thousand and $6,869 thousand, respectively, incurred from the Company’s subsidiaries were distributed as employee remuneration on behalf of the Company.

(ix) The Company's other receivables due from related parties and other payables to related parties from aforementioned transactions were as follows:

Other receivables due from related parties:

	December 31, 2023	**December 31, 2022**
Dividends receivables	$ 184,230	184,260
Disposal of plant, property and equipment receivables	7,954	-
Others	218	893
	$ 192,402	**185,153**

Other payables to related parties:

	2023	**2022**
Advance payables	$ 108,764	6,869
Others	60	388
	$ 108,824	**7,257**

ITEQ CORPORATION

Notes to the Parent-Company-Only Financial Statements

(x) Leases

The Comany signed a operating lease contract for its land and factory with WIN Corporation in January 2013, with a leasing period from January 2013 to December 2028, and the rental paid on a monthly basis, relevant right-of-use assets, lease liabilities and profit or loss were as follows:

Account items	December 31, 2023	December 31, 2022
Right-of-use assets	$ 148,833	173,530
Refundable deposits (under other non-current assets)	$ 104,145	103,012
Lease liabilities-current	$ 28,785	27,520
Lease liabilities-non-current	119,820	144,347
	$ 148,605	171,867

	2023	2022
Financial cost	$ 2,605	2,964
Depreciation expense	$ 29,767	28,922
Interest income	$ 1,133	1,121

(xi) Rental agreement

The Company leased the office to MGC Corporation as an operating lease for a period in one year. As of December 31, 2023 and 2022, the operating lease receivable was $4 thousand. For the years ended 2023 and 2022, the rental income recognized were $24 thousand and $4 thousand, respectively.

(xii) Equity transaction

In January 2023, the Company established a subsidiary, ITEQ(TL), with a total investment of $586,083 thousand for the year ended December 31, 2023.

(xiii) Other

A aummary of the Company's dividends paid to related parties were as follows:

	2023	2022
WIN Corporation	$ 196,226	327,044
Tian He Corporation	127,304	211,903
Other related parties	87,920	164,839
	$ 411,450	703,786

ITEQ CORPORATION
Notes to the Parent-Company-Only Financial Statements

(c) Key management personnel compensation

	2023	2022
Short-term employee benefits	$ 42,476	77,567
Post-employment benefits	603	696
	$ 43,079	**78,263**

(8) Pledged assets:

The carrying values of pledged assets were as follows:

Pledged assets	Pledged to secure	December 31, 2023	December 31, 2022
Other non-current assets	Gas deposits	**$ 3,952**	**3,952**

(9) Commitments and contingencies:

(a) Unrecognized contractual commitments

	December 31, 2023	December 31, 2022
Acquisition of property, plant and equipment	**$ 980,101**	**531,241**

(b) The Company's unused letters of credit

	December 31, 2023	December 31, 2022
Unused letters of credit	**$ 99,645**	**68,354**

(10) Losses due to major disasters: None

(11) Subsequent events: None

(12) Other:

(a) A summary of employee benefits, depreciation, and amortization, by function, were as follows:

By function / By item	For the year ended December 31					
	2023			2022		
	Operating cost	Operating expense	Total	Operating cost	Operating expense	Total
Employee benefits						
Salary	131,479	165,499	296,978	159,265	173,462	332,727
Labor and health insurance	17,112	16,108	33,220	17,485	17,784	35,269
Pension	6,330	6,676	13,006	6,630	6,918	13,548
Remuneration of directors	-	12,037	12,037	-	19,979	19,979
Others	7,196	8,200	15,396	9,631	4,509	14,140
Depreciation	145,383	60,311	205,694	132,216	65,416	197,632
Amortization	2,623	6,489	9,112	2,940	6,533	9,473

(Continued)

ITEQ CORPORATION
Notes to the Parent-Company-Only Financial Statements

For the years ended December 31, 2023 and 2022, the additional information for employee numbers and employee benefits were as follows：

	2023	2022
Employee number	438	434
Director’s number without serving concurrently as employee	6	6
Average employee benefits	$ 830	924
Average employee salaries	$ 687	777
Average adjustment rate of employee salaries	(11.58)%	
Supervisor’s remuneration	$ -	-

The Company's compensation policy (including directors, supervisors, managers and employees) were as follows:

(i) The salary of employees is based on the salary payment standard and their academic experience, professional knowledge, technology and professional experience. In addition, according to the company's operating performance and employees' individual performance, we provide reward programs in a timely manner to reward colleagues. In accordance with the provisions of the Articles of Incorporation of the Company, if there is a profit in the year, the compensation of employees will be allocated, which shall be paid after the meeting of the Board of Directors and reported to the shareholders' meeting.

(ii) The compensation of the managers of the Company shall be handled in accordance with the regulations of the Company, including salary, bonus and employee compensation, according to the position held, the responsibilities assumed and the contribution to the Company, and shall be agreed upon with reference to the level of the industry, and shall be reviewed by the Remuneration Committee and submitted to the Board of Directors for approval before implementation.

(iii) The remuneration of the directors of the Company shall be recommended by the Remuneration Committee to the Board of Directors in accordance with the provisions of the Articles of Incorporation for the reference of the Board of Directors in making decisions, and the Board of Directors shall be authorized to agree on the extent of the directors' participation in the operation of the Company and the value of their contributions, taking into account the standards generally held in the industry. If the director is also an employee, he or she shall be paid remuneration in accordance with the regulations of the manager and the employee.

(Continued)

ITEQ Corporation
Notes to the Parent-Company-Only Financial Statements

(13)Other disclosures

(a)Information on significant transactions

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” of the Company for the year ended December 31, 2023:

i.Loans to other parties:

(In Thousands of New Taiwan Dollar)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 3)	Transaction amount	Reasons for short-term financing	Loss allowance	Collateral		Individual funding loan limits (Note 1)(Note 2)	Maximum limit of fund financing (Note 1)(Note 2)
													Item	Value		
0	The Company	ITEQ (JX)	Account receivables - related parties and other receivables - related parties	Yes	122,856	-	-	-	2	-	Operating Capital	-	None	-	3,887,969	7,775,939
1	IIL	ITEQ (WX)	Account receivables - related parties and other receivables - related parties	Yes	347,018	124,033	124,033	-	2	-	Operating Capital	-	None	-	443,628	443,628
2	ITEQ (WX)	IIL	Account receivables - related parties and other receivables - related parties	Yes	343,952	164,790	164,790	-	2	-	Operating Capital	-	None	-	3,887,969	3,887,969
2	〃	ITEQ (JX)	Account receivables - related parties and other receivables - related parties	Yes	677,595	650,280	563,576	1.5	2	-	Operating Capital	-	None	-	3,887,969	3,887,969
2	〃	ITEQ (JX)	Account receivables - related parties and other receivables - related parties	Yes	1,355,190	1,300,560	1,300,560	1.5	2	-	Operating Capital	-	None	-	3,887,969	3,887,969

Note 1：The Company’s “Operating Procedures for financing to Others Parties” states that the limit amount and the total limit for lending to a company is 20% and 40% of the Company’s net worth based on the most recent financial statements audited or reviewed by the Certified Public Accountants.
Note 2：The total limit for lending funds to a single entity for the Company’s 100% owned sub-subsidiaries is subject to 600% of the Company’s net worth based on the most recent statements of each counterparty audited or reviewed by the Certified Public Accountants. However, if the maximum amount of the capital accommodation exceeds 20% of the net worth of the Company’s most recent financial statements audited or reviewed, the limit shall be subject to 20% of the Company’s net worth based on the most recent financial statements.
Note 3：Nature of financing:

1. For entities that the Company has business transactions with.
2. For entities with short-term financing needs.

Note 4：The aforementioned transactions have been eliminated in the consolidated financial statements.

ii.Guarantees and endorsements for other parties:

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (Note 1)(Note 2)	Highest balance for guarantees and endorsements during the period (Note 3)	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements amount	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note 1)(Note 2)	Parent company endorsements/ guarantees to subsidiary	Subsidiary endorsements/ guarantees to parent company	Endorsements/ guarantees to companies in Mainland China
		Name	Relationship with the Company (Note 4)										
0	The Company	IIL	2	19,439,848	729,563(Note3)	690,863	54,714	-	3.55%	19,439,848	Yes	No	No
0	〃	IPL	2	19,439,848	3,842,363(Note3)	3,638,543	761,794	-	18.72%	19,439,848	Yes	No	No
0	〃	ITEQ (DG)	2	19,439,848	1,535,500(Note3)	460,575	-	-	2.37%	19,439,848	Yes	No	Yes
0	〃	ITEQ (JX)	2	19,439,848	3,096,775(Note3)	3,043,445	815,560	-	15.66%	19,439,848	Yes	No	Yes

Note 1：The total amount of the guarantee provided to a single-party and aggregate limits shall not exceed 100% of the Company’s net worth based on the most recent financial statements audited or reviewed by the Certified Public Accountants.
Note 2：Single-party and aggregate limits on guarantees provided to 100%-owned subsidiaries are capped at 300% of each subsidiary’s net worth based on the most recent financial statements audited or reviewed by the Certified Public Accountants.
Note 3：Bank guarantee amount obtained by jointly issuing bills.
Note 4：Relationship with the Company:

1. Ordinary business relationship.
2. Subsidiary which owned more than 50% by the guarantor.
3. An investee owned more than 50% in total by both the guarantor and its subsidiary.
4. An investee owned more than 90% by the guarantor or its subsidiary.
5. Fulfillment of contractual obligations by providing mutual endorsements and guarantees for peer or joint builders in order to undertake a construction project.
6. An entity that is guaranteed and endorsed by all capital contributing shareholders in proportion to their shareholding percentages.
7. The companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre - construction homes pursuant to the Consumer Protection Act for each other.

iii.Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures) :

(In Thousands of Shares/New Taiwan Dollar)

Name of holder	Category and name of security	Relationship with company	Account name	Ending balance				Note
				Shares/Units	Carrying value	Percentage of ownership	Fair value	
The Company	Pan Win Biotechnology Inc.	-	Current financial assets at fair value through profit or loss	100	-	5.0%	-	
"	TMY Technology Inc.	-	Non-current financial assets at fair value through other comprehensive income	357	5,221	0.8%	5,221	
Bang Mao	Mortech Corporation	-	Current financial assets at fair value through profit or loss	381	3,654	1.0%	3,654	
"	Big Sun Energy Technology Inc.	-	Non-current financial assets at fair value through profit or loss	1,736	-	0.4%	-	
"	Ding Mou Corporation	-	Non-current financial assets at fair value through profit or loss	100	-	0.4%	-	
"	TIEF FUND, L.P.	-	Non-current financial assets at fair value through other comprehensive income	-	31,058	4.8%	31,058	

iv.Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$ 300 million or 20% of the paid-in capital :

(In Thousands of Shares/New Taiwan Dollar)

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount
The Company	ITEQ (TL)	Investments accounted for using equity method	-	Subsidiary	-	-	6,500	586,083	-	-	-	-	6,500	586,384

v.Acquisition of individual real estate with amount exceeding the lower of NT$ 300 million or 20% of the paid-in capital :

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter-party	Relationship with the Company	If the counter-party is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition	Others
							Owner	Relationship with the Company	Date of transfer	Amount			
ITEQ (TL)	Factory building	2023/10/20	548,046	As of December 31, 2023 the price paid $0 thousand	New Nanyang Construction Co. ,LTD	-	N/A	N/A	N/A	N/A	Price negotiation	Operating and production purpose	None

vi.Disposal of individual real estate with amount exceeding the lower of NT$ 300 million or 20% of the paid-in capital : None.

vii.Related-party transactions for purchases and sales with amounts exceeding the lower of NT$ 100 million or 20% of the paid-in capital :

Name of company	Related party	Nature of relationship	Purchase/Sale	Transaction details			Transactions with terms different from others		Notes receivable/ Accounts receivable (Notes payable/ Accounts payable)		Note
				Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes receivable/ accounts receivable (Notes payable/ Accounts payable)	
The Company	ITEQ (WX)	The Company's Indirect holding 100% by subsidiary	(Sale)	(140,369)	(9.62%)	OA120 days	No material difference with general customers	No material difference with general customers	49,308	8.30%	
The Company	ITEQ (JX)	The Company's Indirect holding 100% by subsidiary	〃	(223,417)	(15.32%)	〃	〃	〃	151,455	25.49%	
IPL	ITEQ (GZ)	Same parent company	〃	(409,167)	(26.78%)	〃	〃	〃	114,530	17.90%	
IPL	ITEQ (DG)	Same parent company	〃	(319,343)	(20.90%)	〃	〃	〃	70,764	11.06%	
IPL	ITEQ (JX)	Same parent company	〃	(626,727)	(41.02%)	〃	〃	〃	452,555	70.73%	
IIL	The Company	Same parent company	〃	(287,500)	(41.38%)	〃	〃	〃	141,037	30.87%	
IIL	ITEQ (WX)	Same parent company	〃	(281,192)	(40.48%)	〃	〃	〃	277,591	60.77%	
ITEQ (GZ)	ITEQ (DG)	Same parent company	〃	(803,513)	(26.92%)	〃	〃	〃	94,496	6.86%	
ITEQ (WX)	IIL	Same parent company	〃	(412,793)	(4.19%)	〃	〃	〃	358,955	7.68%	
ITEQ (WX)	ITEQ (DG)	Same parent company	〃	(129,753)	(1.32%)	〃	〃	〃	40,151	0.86%	
ITEQ (DG)	ITEQ (GZ)	Same parent company	〃	(187,866)	(2.14%)	〃	〃	〃	703	0.02%	
ITEQ (DG)	ITEQ (JX)	Same parent company	〃	(333,348)	(3.80%)	〃	〃	〃	222,558	6.13%	
ITEQ (JX)	ITEQ (WX)	Same parent company	〃	(1,661,793)	(16.03%)	〃	〃	〃	349,490	9.06%	
ITEQ (JX)	ITEQ (DG)	Same parent company	〃	(4,253,787)	(41.04%)	〃	〃	〃	1,344,585	34.86%	
ITEQ (WX)	The Company	The Company's Indirect holding 100% by subsidiary	Purchase	140,369	1.68%	〃	〃	〃	(49,308)	(1.97%)	
ITEQ (JX)	The Company	The Company's Indirect holding 100% by subsidiary	〃	223,417	2.35%	〃	〃	〃	(151,455)	(4.58%)	
ITEQ (GZ)	IPL	Same parent company	〃	409,167	15.11%	〃	〃	〃	(114,530)	(24.34%)	
ITEQ (DG)	IPL	Same parent company	〃	319,343	3.90%	〃	〃	〃	(70,764)	(3.47%)	
ITEQ (JX)	IPL	Same parent company	〃	626,727	6.59%	〃	〃	〃	(452,555)	(13.69%)	
The Company	IIL	The Company's Indirect holding 100% by subsidiary	〃	287,500	18.25%	〃	〃	〃	(141,037)	(23.25%)	
ITEQ (WX)	IIL	Same parent company	〃	281,192	3.37%	〃	〃	〃	(277,591)	(11.10%)	
ITEQ (DG)	ITEQ (GZ)	Same parent company	〃	803,513	9.81%	〃	〃	〃	(94,496)	(4.64%)	
IIL	ITEQ (WX)	Same parent company	〃	412,793	59.70%	〃	〃	〃	(358,955)	(89.51%)	
ITEQ (DG)	ITEQ (WX)	Same parent company	〃	129,753	1.58%	〃	〃	〃	(40,151)	(1.97%)	
ITEQ (GZ)	ITEQ (DG)	Same parent company	〃	187,866	6.94%	〃	〃	〃	(703)	(0.15%)	
ITEQ (JX)	ITEQ (DG)	Same parent company	〃	333,348	3.51%	〃	〃	〃	(222,558)	(6.73%)	
ITEQ (WX)	ITEQ (JX)	Same parent company	〃	1,661,793	19.91%	〃	〃	〃	(349,490)	(13.97%)	
ITEQ (DG)	ITEQ (JX)	Same parent company	〃	4,253,787	51.96%	〃	〃	〃	(1,344,585)	(65.95%)	

viii.Receivables from related parties with amounts exceeding the lower of NT$ 100 million or 20% of paid-in capital :

Name of company	Related party	Nature of relationship	Ending balance (Note)	Turnover Rate	Overdue		Amounts received in subsequent period (As of February 27, 2024)	Loss allowance
					Amount	Action taken		
The Company	ITEQ (JX)	The Company holds 100% indirectly	151,455	1.18	-	-	25,505	-
IPL	ITEQ (JX)	Same parent company	452,555	1.92	-	-	74,756	-
IPL	ITEQ (GZ)	Same parent company	114,530	2.51	-	-	38,960	-
IIL	The Company	Same parent company	141,037	1.74	-	-	32,598	-
IIL	ITEQ (WX)	Same parent company	277,591	0.79	-	-	22,806	-
ITEQ (DG)	ITEQ (JX)	Same parent company	222,558	1.38	-	-	222,558	-
ITEQ (JX)	ITEQ (DG)	Same parent company	1,344,585	2.92	-	-	434,064	-
ITEQ (JX)	ITEQ (WX)	Same parent company	349,490	5.96	-	-	349,490	-
ITEQ (WX)	IIL	Same parent company	358,955	0.82	-	-	29,630	-

ix.Trading in derivative instruments: Please refer to notes 6(b).

(b)Information on investees (excluding information on investees in mainland China) :

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2023			Net income (losses) of investee	Share of profits/losses of investee	Note
				The ending balance at this year	The ending balance at last year	Shares	Percentage of ownership	Carrying value			
The Company	ITEQ International	Samoa	Investment activities	1,879,344	1,879,344	18,500	100%	20,670,470	1,803,416	1,803,416	
〃	Bang Mao	Hsinchu	Investment activities	70,000	70,000	7,000	100%	101,421	474	474	
〃	MGC	Hsinchu	Electronic parts and components manufacturing	49,000	49,000	4,900	49%	42,122	(11,187)	(5,481)	
〃	ITEQ (TL)	Thailand	Manufacturing and sales of prepeg and copper clad lamination	586,083	-	6,500	100%	586,354	245	245	
ITEQ International	ITEQ Holding	British Cayman Islands	Investment activities	1,879,344	1,879,344	18,500	100%	20,506,795	1,790,719	1,790,719	
ITEQ Holding	ESIC	The British Virgin Islands	Investments in mainland China	395,850	395,850	10,750	100%	8,159,205	704,611	704,611	
〃	IPL	Samoa	Import and export business	30,450	30,450	1,000	100%	69,301	(1,838)	(1,838)	
〃	IIL	Samoa	Import and export business	30,450	30,450	1,000	100%	73,938	1,433	1,433	
〃	Eagle Great	The British Virgin Islands	Investments in mainland China	258,795	258,795	8,499	100%	409,543	(61,189)	(61,189)	
〃	ITEQ (HK)	Hong Kong	Investments in mainland China	736,890	736,890	24,200	100%	10,956,711	1,147,890	1,147,890	

ITEQ Corporation
Notes to the Parent-Company-Only Financial Statements

(c) Information on investment in mainland China:

(In Thousands of New Taiwan Dollar)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2023	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note 2)	Carrying value at the end of this period	Accumulated remittance of earnings in current period
					Outflow	Inflow						
ITEQ (DG)	Manufacturing and sales of prepeg and copper clad	609,000	(Note 1)(Note 4)	395,850	-	-	395,850	539,923	100%	539,923	5,092,670	-
ITEQ (WX)	Manufacturing and sales of prepeg and copper clad	1,248,450	(Note1)(Note 4)	672,945	-	-	672,945	1,060,374	100%	1,060,374	9,185,217	3,501,517
ITEQ (HJ)	Manufacturing and sales of mass lamination	258,795	(Note1)(Note 4)	252,309	-	-	252,309	(53,837)	100%	(53,837)	401,007	-
ITEQ (GZ)	Manufacturing and sales of prepeg and copper clad	721,665	(Note 1)	493,290	-	-	493,290	87,516	100%	87,516	2,585,545	1,119,692
ITEQ (JX)	Manufacturing and sales of prepeg and copper clad	4,896,360	(Note 1)(Note 4)	-	-	-	-	331,307	100%	331,307	6,169,310	-

ii) Limitation on investment in mainland China:

Accumulated Investment in mainland China as of December 31, 2023	Investment Amount Authorized by Investment Commission, MOEA(Note 5)	Upper Limit on Investment (Note 3)
1,814,394 (USD 59,586)	2,468,682 (USD 80,400)	11,663,908

Note1：Investment in companies in Mainland China by incorporating an overseas company.
Note2：Investment income (loss) was calculated and recognized on financial statements audited by the Certified Public Accountants.
Note3：The Company's amount was based on the regulation issued on August 29, 2008 by the Investment Commission under the Ministry of Economic Affairs, 60% of total equity or total consolidated equity.
Note4：ITEQ (JX) is invested by ESIC, ITEQ (DG), ITEQ (WX). Other companies are invested by the Company by incorporating an overseas company.
Note5：Translated using the exchange rates on December 31, 2023.

iii) Significant transactions

The direct and indirect significant transactions of investees in mainland China, please refer to "Information on significant transactions" for details.

(d)Major shareholders

(In shares)

Shareholder's Name \ Shareholding	Shares	Percentage
WIN Semiconductors Corp.	65,408,733	18.02%
Tian He Int'l Enterprise Co., Ltd.	43,034,591	11.85%

(14)Segment information

Please refer to the consolidated financial statements for the year ended December 31, 2023.

ITEQ Corporation

Statement of cash and cash equivalents

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Description		Amount
Cash on hand	NTD	70	$ 119
	RMB	11	-
Check deposits			664
Demand deposits			24,365
Foreign demand deposits	USD	2,446	-
	JPY	829	108,479
	RMB	4,171	-
	EUR	430	-
	HKD	123	-
Total			**$ 133,627**

(Note) : Foreign deposites translated using the spot exchange rate on December 31, 2023.

USD/NTD=	30.705
JPY/NTD=	0.2172
RMB/NTD=	4.3352
EUR/NTD=	33.98
HKD/NTD=	3.929

ITEQ Corporation

Statement of notes and accounts receivable

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Amount
A Comapny	$ 79,951
B Comapny	44,465
C Comapny	38,942
D Comapny	32,468
E Comapny	23,162
Others (each amount was less than 5%)	172,914
Less: loss allowance	(313)
Total	**$ 391,589**

ITEQ Corporation

Statement of inventories

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Amount	
	Cost	Net realizable value
Raw materials	$ 350,056	226,227
Work in progress	19,804	12,205
Finished goods	53,076	21,819
Inventories in transit	887	887
Subtotal	423,823	**261,138**
Less: loss on valuation of inventories	(164,460)	
Total	**$ 259,363**	

Statement of other receivables

Item	Amount
Business tax refund receivables	$ 8,948
Scrap income receivables	1,734
Others (each amount was less than 5%)	1,145
Total	**$ 11,827**

ITEQ Corporation

Statement of financial assets measured at fair value through other comprehensive income - non-current

December 31, 2023 and 2022

(Expressed in thousands of New Taiwan Dollars)

Name	Beginning balance		Increase		Decrease		Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Ending balance		Collateral
	Shares (in thousands)	Fair value	Shares (in thousands)	Amount	Shares (in thousands)	Amount		Shares (in thousands)	Fair value	
TMY Technology	357	$ 2,371	-	-	-	-	2,850	357	5,221	None

ITEQ Corporation

Statement of changes in investments accounted for using the equity method

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Name	Beginning balance		Increase		Decrease		Gains (losses) on investment	Exchange difference on translating of foreign financial statements	Unrealized gain (losses) on financial assets at fair value through other value through other comprehensive income	Financial guarantee contracts	Capital surplus	Ending balance			Market value of net assets value		Collateral
	Shares (in thousands)	Amount	Shares (in thousands)	Amount	Shares (in thousands)	Amount						Shares (in thousands)	percentage of ownership	Amount	Unit price (dollars)	Total amount	
Bon-Mou Investment Co.	7,000	$ 95,018	-	-	-	-	474	-	5,929	-	-	7,000	100.00 %	101,421	-	101,421	None
ITEQ International Ltd.	18,500	20,669,488	-	-	-	(1,464,464)	1,803,416	(350,750)	-	7,382	5,398	18,500	100.00 %	20,670,470	-	20,506,788	None
MGC-ITEQ Technology Co., Ltd.	4,900	47,603	-	-	-	-	(5,481)	-	-	-	-	4,900	49.00 %	42,122	-	42,122	None
ITEQ Corporation (Thailand) LTD.	-	-	6,500	586,083	-	-	245	26	-	-	-	6,500	100.00 %	586,354	-	586,384	None
		$ 20,812,109		586,083		(1,464,464)	1,798,654	(350,724)	5,929	7,382	5,398			21,400,367		21,236,715	

ITEQ Corporation

Statement of accounts payable

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Amount
F Company	$ 71,001
G Company	57,613
H Company	56,035
I Company	30,025
J Company	26,645
K Company	24,640
Others (each amount was less than 5%)	194,197
	$ 460,156

Statement of other payables

Item	Amount
Salaries and bonus payable (Included Employees' and directors compensation)	$ 167,836
Other accrued expenses	69,798
Payables on equipment	45,784
Total	**$ 283,418**

ITEQ Corporation

Statement of lease liabilities

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Lease term	Discount rate	Ending Balance	Note
Buildings and structures	Plants	2013.01.09~2028.12.31	1.60 %	$ 148,605	
Less: current portion				(28,785)	
Total				**$ 119,820**	

Statement of other current liabilities

Item	Amount
Financial guarantee contracts	$ 44,041
Receipts under custody	3,385
Contract liabilities	2,913
Others (each amount was less than 5%)	420
Total	**$ 50,759**

ITEQ Corporation

Statement of short-term borrowings

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Loan type	Bank	Ending Balance	Interest rate	Period	Financing amount	Collateral
Credit loan	E SUN Bank	$ 400,000	1.75	2023/12/6~2024/1/5	500,000	None
Credit loan	Mega International Commercial Bank	50,000	1.70	2023/11/6~2024/2/2	307,050	None
Credit loan	HSBC Bank	180,000	1.75	2023/12/26~2024/3/26	614,100	None
Credit loan	DBS Bank	170,000	1.77	2023/12/15~2024/1/15	767,625	None
Credit loan	CTBC Bank	300,000	1.72	2023/11/24~2024/2/23	600,000	None
Credit loan	Taishin Bank	370,000	1.75	2023/12/15~2024/1/15	600,000	None
Credit loan	Cathay United Bank	230,000	1.66	2023/12/29~2024/3/29	368,460	None
Credit loan	Fubon Bank	400,000	1.70	2023/10/30~2024/1/30	550,000	None
Credit loan	Citibank	100,000	1.77	2023/12/7~2024/2/5	153,525	None
Credit loan	Bank of Taiwan	100,000	1.73	2023/10/12~2024/1/10	334,230	None
Credit loan	The Shanghai Commercial & Savings Bank	220,000	1.76	2023/12/22~2024/3/20	307,050	None
		$ 2,520,000			**$ 5,102,040**	

Statement of long-term borrowings

Creditor	Amount	Period	Interest rate	Collateral
Agricultural Bank of Taiwan - unsecured bank loans	$ 500,000	2022.09.01~2025.09.01	1.61 %	None
Bank of China - unsecured bank loans	700,000	2023.05.22~2025.05.21	1.75 %	None
Total	**$ 1,200,000**			

ITEQ Corporation

Statement of operating revenue

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Quantity	Amount
Copper clad laminate	1,294,005 pieces	$ 791,223
Prepreg	3,213,195 m	412,206
Other	816,362 kg； 377,033 m； 834 pieces	271,522
Sales returns	-	(1,595)
Sales discounts	-	(14,679)
Net operating revenue		**$ 1,458,677**

ITEQ Corporation

Statement of operating costs

For the year ended December 31, 2023 and 2022

(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Beginning balance of merchandise	$ -
Add: Purchases	310,079
Cost of outsource merchandise consumed	310,079
Beginning balance of raw materials	324,396
Add: Purchases	1,019,599
Less: Ending balance of raw materials	(350,056)
Transferred to expenses and others	(75,123)
Selling raw materials	(234,597)
Raw materials consumed	684,219
Direct labor	107,425
Manufacturing overhead	334,578
Manufacturing costs	1,126,222
Add: Beginning balance of work in process	2,817
Purchases	1,658
Less: Ending balance of work in process	(19,804)
Cost of finished goods	1,110,893
Add: Beginning balance of finished goods	81,857
Less: Ending balance of finished goods	(53,963)
Transferred to expenses and others	(90,199)
Cost of self-manufacturing goods sold	1,048,588
Losses on valuation of inventories	3,920
Selling raw materials	234,597
Scrap income	(22,176)
Operating costs	**$ 1,575,008**

ITEQ Corporation

Statment of operating expenses

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Selling expenses	Administrative expenses	Research and development expenses
Salary and wages expenses	$ 13,454	101,492	50,553
Insurance expense	1,601	72,128	5,266
Depreciation expense	-	38,636	21,675
Professional service fees	-	19,587	6,322
Used materials	7,892	130	59,752
Sample expense	17,729	-	24,676
Inspection and test expense	456	4,010	13,882
Shipping expense	11,257	2	115
Commission expense	10,815	-	-
Consulting fee	36,377	-	-
Others (each amount was less than 5%)	3,269	61,574	29,731
Total	**$ 102,850**	**297,559**	**211,972**

ITEQ Corporation

Statement of movement of property, plant and equipment was disclosed in note 6(f)
Statement of movement of accumulated depreciation of property, plant and equipment was disclosed in note 6(f)
Statement of movement of right-of-use assets was disclosed in note 6(g)
Statement of other current assets was disclosed in note 6(h)
Statement of other non-current assets was disclosed in note 6(h)
Statement of deferred tax assets was disclosed in note 6(m)
Statement of deferred tax liabilites was disclosed in note 6(m)
Statement of accounts receivable due from related parties was disclosed in note 7
Statement of accounts payable to related parties was disclosed in note 7
Statement of other receivable due from related parties was disclosed in note 7
Statement of other payable to related parties was disclosed in note 7
Statement of interest income was disclosed in note 6(s)
Statement of other income was disclosed in note 6(s)
Statement of other gains and losses was disclosed in note 6(s)
Statement of financial costs was disclosed in note 6(s)