

ITEQ CORPORATION

2023 Annual General Shareholders' Meeting Minutes (Translation)

Time: May 30, 2023 (Tuesday) at 9:00 am

Place: No. 17, Daluge Rd., Xinpu Township, Hsinchu County 30544, Taiwan (R.O.C.)

Meeting Method: Physical Shareholders' Meeting

Attending Shareholders: The total number of shares represented by shareholders attending the meeting in person or by proxy is 246,186,611 shares (including casted electronically 243,868,620 shares), representing 67.82% of the total number of issued shares of the Company (i.e., 362,957,218 shares.)

Attending Directors: Chin-Tsai Chen (Chairman), Hsin-Hui Tsai (Director), Po-Chiao Chou (Convener of the Auditing Committee, Independent Director), Zhao-Rong Yang (Independent Director), Xiu-Zong Liang (Independent Director)

Attendees: Kuan-Hao Li (CPAs of Deloitte & Touche)
Chun-Yi Jen (Attorney-at-Law of HL&Partners)

Chairman: Chin-Tsai Chen

Recorder: Ke-Yu Chang

I. As the number of shares represented by attending shareholder has reached the required quorum for shareholders' meeting, the chairman declares the shareholders' meeting begins

II. Chairperson Remarks: (Omitted)

III. Management Presentations

Report No. 1

Subject: 2022 Business Report.

see Appendix 1 (page 4)

Report No. 2

Subject: Audit Committee's Review Report on the 2022 Financial Statements.

see Appendix 2 (page 7)

Report No. 3

Subject: Report on the Distribution of Remuneration for Employees and Directors of 2022.

(see handbook)

Report No. 4

Subject: Report on Profit Distribution and Cash Dividends of 2022.

(see handbook)

Report No. 5

Subject: Report on the Company's Treasury Stocks bought back.

(see handbook)

Report No. 6

Subject: Report on the amendments to partial provisions of the Corporation's "Ethical Corporate Management Best Practice Principles" and "Operating Guide for Ethical Corporate Management Best Practice Principles".

(see Appendix 3 (page 8) and Appendix 4 (page 13))

IV. Adoptions

Proposal No.1

(Proposed by the Board of Directors)

Subject: 2022 Business Report, Financial Statement, and Profit Distribution Table.

Explanation:

1. The Corporation's 2022 individual and consolidated financial reports are reviewed and certified by Kuan-Hao Li and I-Chi Chien, CPAs of Deloitte & Touche, and concluded with an audit report without reservation. The financial reports, along with the business reports and the earnings distribution statement, have been reviewed and approved by the Board of Directors and the Audit Committee, and a review report was also issued.
2. Please refer to Appendix 1 (on page 4 of this handbook) and Appendix 5 (on page 23 of this handbook) for the 2022 business reports, CPA audit reports, financial statements, and earnings distribution statement.
3. The above-mentioned are submitted hereby for adoption at this shareholders' meeting.

Resolution:

Shares represented at the time of voting : 246,186,611

Voting Results*	% of the total represented share present
Votes in favor : 233,868,491 votes (232,298,500 votes)	94.99%
Votes against : 106,577 votes (106,577 votes)	0.04%
Votes invalid : 0 votes	0.00%

Votes abstained : 12,211,543 votes (11,463,543 votes)	4.96%
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*Including votes casted electronically (numbers in brackets)

RESOLVED, that the above proposal be and hereby were accepted as submitted.

V. Discussions

Discussion No. 1

(Proposed by the Board of Directors)

Subject: Amendment to partial provisions of the Corporation's "Operating Procedures of Lending Funds to Others".

Explanation:

1. According to Tai Zheng Shang Yi No. 1111801966 document issued by Taiwan Stock Exchange Corporation (TWSE) on May 4, 2022, and the Corporation's operational needs, we propose to amend partial provisions of the Corporation's "Operating Procedures of Lending Funds to Others".
2. Please refer to Appendix 6 (on page 44 of this handbook) for the Comparison Table of Amendments to the Operating Procedures of Lending Funds to Others .

Resolution:

Shares represented at the time of voting : 246,186,611

Voting Results*	% of the total represented share present
Votes in favor : 234,123,489 votes (232,553,498 votes)	95.10%
Votes against : 73,580 votes (73,580 votes)	0.02%
Votes invalid : 0 votes	0.00%
Votes abstained : 11,989,542 votes (11,241,542 votes)	4.87%

*Including votes casted electronically (numbers in brackets)

RESOLVED, that the above proposal be and hereby were accepted as submitted.

VI. Extempore and Motions: None

VII.Adjournment: At 9:18 a.m. of May 30, 2023.

There were no questions from shareholders at the shareholders meeting.

2022 Business Report

I. Management Principles

1. Focusing on our existing business of “High-end Electronic Materials” and extending to integrate high-density interconnect copper foil laminate and carrier board’s copper foil laminate: The Corporation will strive to become a leading manufacturer of halogen-free and environmentally friendly materials, high-speed, high-frequency, and low-loss materials, and materials for high density interconnect boards and carrier boards, the product applications of which including 5G infrastructure, network communications, data center, automotive electronics, smartphones, consumer electronics, and other related products, and continue to increase its market share in the high-end electronic copper foil laminate market.
2. Quality as the basis for sustainable business development: The Corporation will strengthen and improve its quality control system of the supply chain, including raw material supplier management, controlling the factory’s manufacturing processes and center of the quality control group, continuously improving yield, and quality and reliability monitoring of output, in order to comply with international regulations and customers' incoming material regulations and standards. The Corporation established a comprehensive manufacturing and quality assurance system and capabilities for the Group and enhanced its capabilities of manufacturing high-end products. At the same time, we reduced the production costs of mature products and minimized quality anomalies, aiming to strengthen the company's manufacturing quality and increase stable profitability.
3. Facing the impact of politics, the division of technologies, and the post-pandemic era, the global mainstream hardware markets are still expected to develop towards high-end in the next few years. The development will be led by high-speed computing and automotive electronics. For high-speed computing, the generation of the processor chip will be upgraded, and the bandwidth and speed will be increased, while for automotive electronics, electric vehicle policies are promoted around the world, which will significantly stimulate the growth of electronic components. Both will accelerate the growth of high-end electronic materials. ITEQ Corporation will continue to research and develop high-end materials, position itself globally based on geoeconomic strategies, and employ economies of scale to meet the enormous demand for high-end electronic materials.

II. Implementation Overview

The Corporation’s consolidated operating revenue in 2022 reached NT\$29.1 billion, a decrease of 10.44% compared to the same period last year. This is mainly due to tight supply in the electronics industry’s supply chain resulting in an increase in the inventory in the supply chain and the number of work-in-progress in 2021. Both the bullwhip effect and phenomena of high inventory levels emerged in 2022. Copper foil laminates are the upstream of the electronics industry’s supply chain and are also affected by relatively high demands. However,

the prices of raw material remain high, and the capital expenditure of our subsidiary, new plant in Jiangxi, continues to increase, which affected our gross profit margin, dropping from 18.38% in 2021 to 13.53% in 2022. In addition, the increase in financial costs due to the funding needs of expanding the plant in Jiangxi has led to an increase in expenses, resulting in a decrease in the net profit after tax from 9.67% in 2021 to 6.37% in the same period in 2022.

III. Business Plan Implementation Results (Consolidated Statement)

Currency Unit: NT\$1,000

Item	2021	2022	YoY(%)
Operating Revenue	32,524,688	29,129,710	(10.44)
Operating gross Profit	5,979,549	3,939,903	(34.11)
Operating Income	3,819,496	1,896,419	(50.35)
Non-operating Income (or Expenses)	(4,793)	418,706	8,835.78
Net income after tax	3,144,803	1,855,173	(41.01)
Net Profit Margin (%)	9.67%	6.37%	—

IV. Performance of operating budget

The Corporation did not make public its forecast for 2022, so there is no need to disclose the operating budget performance. However, the overall actual operating conditions and performance are generally in line with the Corporation's internal operating plan.

V. Profitability Analysis (Consolidated Statement)

Item	2021	2022
Return on Assets (ROA) (%)	10.37	5.57
Return on Equity (ROE) (%)	18.12	8.96
Ratio of Income to Paid-in Capital (%)	99.74	52.25
Ratio of Net Profit Before Tax to Paid-in Capital (%)	99.61	63.79
Net Profit Margin (%)	9.67	6.37
Earnings Per Share After Tax (NT\$)	9.00	4.94

VI. Research Development Status

ITEQ Corporation has been committed to developing electronic-grade materials, halogen-free and environmentally friendly laminates materials. It works on high-frequency, high-speed, and low transmission loss products for network infrastructure applications diligently. In the future, the Corporation will continue to enhance its existing low Dk/Df electronic materials and produce them through high-density interconnection technology, which will be applied in diverse fields such as data centers, 5G communication, Internet of Things, and new energy automotive electronics, thereby consolidating its leading position among global

high-end laminate material suppliers.

In addition, with the rapid advancement of electronic and semiconductor technology today, ITEQ Corporation will continue to improve its core technology and R&D capabilities, develop various high-end laminate materials for key materials in different application fields such as artificial intelligence (AI) deep learning, auto-driving and electric vehicles, and advanced semiconductor packaging processes, and develop towards a one-stop electronic materials supplier. At the same time, it will incorporate green products to fulfill its commitment to corporate social responsibility.

In terms of FPC, with the foundation of existing low-loss FPC materials, we have further introduced ultra-low loss MPI laminates and fluorine laminates, as well as bonding sheet/coverlay that are compatible with them. We have increased our efforts to develop highly folding-resistant materials that are suitable for emerging applications such as foldable displays and AR/VR. At the same time, we have further improved our existing ion migration-resistant product series to better meet the requirements of emerging applications.

Chairperson of the Board:
Chin-Tsai Chen

Managerial Officer:
Hsin-Hui Tsai

Finance and Accounting Supervisor:
Jung-Tsan Chou

ITEQ CORPORATION
Audit Committee's Review Report

Now that the Board of Directors has compiled and submitted the 2022 financial statements (including consolidated and individual financial reports), profit distribution, business report and proposals thereof, wherein the 2022 financial statements have been reviewed by Kuan-Hao Li and I-Chi Chien, CPAs of Deloitte & Touche, and concluded with an audit report without reservation. The aforesaid financial statements, profit distribution, business report and proposals thereof have been examined by the Audit Committee with the opinion that they are not yet inconsistent with, we hereby report the above in accordance with the provisions in the Taiwan Securities and Exchange Act and Taiwan Company Act for the review and approval of all our shareholders.

All the best,

ITEQ CORPORATION

2023 Annual Meeting of Shareholders

Convener of the Audit Committee: Po-Chiao Chou

March 7, 2023

ITEQ CORPORATION
Ethical Corporate Management Best Practice Principles
Comparison Table of Amendments

Amended Provisions	Current Provisions	Explanation
<p>Article 5 Policy The Corporation shall abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith and <u>obtain approval from the Board of Directors</u>, and establish good corporate governance and risk control and management mechanism so as to create an operational environment for sustainable development.</p>	<p>Article 5 Policy The Corporation shall abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith, and establish good corporate governance and risk control and management mechanism so as to create an operational environment for sustainable development.</p>	Amend according to the JGZFF No. 1080307434 document issued by the Financial Supervisory Commission of Executive Yuan on May 16, 2019.
<p>Article 7 The scope of the prevention program The Corporation <u>shall establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activity within its business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly and review their adequacy and effectiveness on a regular basis.</u> It is advisable for the Corporation to <u>refer to prevailing domestic and foreign standards or guidelines</u> in establishing the prevention programs, which shall at least include preventive measures against the following: I. Offering and acceptance of bribes. II. Illegal political donations. III. Improper charitable donations or sponsorship. IV. Offering or acceptance of unreasonable presents or hospitality, or other improper benefits. V. Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights.</p>	<p>Article 7 The scope of the prevention program When <u>establishing prevention programs, the Corporation shall analyze activities within its business scope which are at a higher risk of being involved in unethical conduct, and strengthen relevant preventive measures.</u> The Corporation shall include at least these preventive measures against the following when establishing the prevention programs: I. Offering and acceptance of bribes. II. Illegal political donations. III. Improper charitable donations or sponsorship. IV. Offering or acceptance of unreasonable presents or hospitality, or other improper benefits. V. Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights. VI. Engaging in unfair competitive practices. VII. Damage directly or indirectly caused to the rights or interests,</p>	Amend according to the JGZFF No. 1080307434 document issued by the Financial Supervisory Commission of Executive Yuan on May 16, 2019.

Amended Provisions	Current Provisions	Explanation
<p>VI. Engaging in unfair competitive practices.</p> <p>VII. Damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, provision, or sale of products and services.</p>	<p>health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, provision, or sale of products and services.</p>	
<p>Article 8 Commitment and implementation <u>The Corporation shall request their directors and senior management to issue a statement of compliance with the ethical management policy and require in the terms of employment that employees comply with such policy.</u> The Corporation and their respective business group shall clearly specify in their rules, external documents <u>and on the company website</u> the ethical corporate management policies and the commitment by the Board of Directors and <u>senior</u> management on rigorous and thorough implementation of such policies, and shall carry out the policies in internal management and in commercial activities. <u>The Corporation shall compile documented information on the ethical management policy, statement, commitment and implementation mentioned in the first and second paragraphs and retain said information properly.</u></p>	<p>Article 8 Commitment and implementation The Corporation and their respective business group shall clearly specify in their rules and external documents the ethical corporate management policies. The Board of Directors and management <u>shall make commitments</u> to implement such policies rigorously and thoroughly, and shall carry out the policies in internal management and in commercial activities.</p>	<p>Amend according to the JGZFFZ No. 1080307434 document issued by the Financial Supervisory Commission of Executive Yuan on May 16, 2019.</p>
<p>Article 17 Organization and responsibilities The directors, managerial officers, employees, mandataries, and substantial controllers of the Corporation shall exercise the due care of good administrators to urge the corporation to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies. To achieve sound ethical corporate management, the Corporation shall establish a dedicated unit that is under the</p>	<p>Article 17 Organization and responsibilities The directors, managerial officers, employees, mandataries, and substantial controllers of the Corporation shall exercise the due care of good administrators to urge the corporation to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies.</p>	<p>Amend according to the JGZFFZ No. 1080307434 document issued by the Financial Supervisory Commission of Executive Yuan on May 16, 2019.</p>

Amended Provisions	Current Provisions	Explanation
<p>Board of Directors and <u>avail itself of adequate resources and staff itself with competent personnel</u>, responsible for establishing and supervising the implementation of the ethical corporate management policies and prevention programs. The dedicated unit shall be in charge of the following matters, and shall report to the Board of Directors on a regular basis:</p> <p>I. Assisting in incorporating ethics and moral values into the corporation's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations.</p> <p>II. <u>Analyzing and assessing the risk of involvement in unethical conduct within the business scope on a regular basis, adopting programs accordingly</u> to prevent unethical conduct, and setting out in each program the standard operating procedures and conduct guidelines with respect to the corporation's operations and business.</p> <p>III. Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.</p> <p>~Hereinafter omitted~</p>	<p>To achieve sound ethical corporate management, the Corporation shall establish a dedicated unit that is under the Board of Directors. They are responsible for establishing and supervising the implementation of the ethical corporate management policies and prevention programs. The dedicated unit shall be in charge of the following matters, and shall report to the Board of Directors on a regular basis:</p> <p>I. Assisting in incorporating ethics and moral values into the corporation's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations.</p> <p>II. Formulate programs to prevent unethical conduct, and set out the standard operating procedures and conduct guidelines with respect to the corporation's operations and business in each program.</p> <p>III. Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.</p> <p>~Hereinafter omitted~</p>	
<p><u>Article 20 Accounting and internal control</u> <u>The Corporation shall establish effective accounting systems and internal control systems for business activities possibly at a higher risk of being involved in an unethical conduct, not have under-the-table accounts or keep secret accounts, and conduct reviews regularly so as to ensure that the design and enforcement of the systems are showing results.</u></p>	<p>Article 20 Accounting and internal control The Corporation shall establish effective accounting systems and internal control systems for business activities possibly at a higher risk of being involved in an unethical conduct, not have under-the-table accounts or keep secret accounts, and conduct reviews regularly so as to ensure that the design and</p>	<p>Amend according to the JGZFFZ No. 1080307434 document issued by the Financial Supervisory Commission of</p>

Amended Provisions	Current Provisions	Explanation
<p><u>The internal audit unit of the Corporation shall, based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans, including auditees, audit scope, audit items, audit frequency, etc., and examine accordingly the compliance with the prevention programs. The internal audit unit may engage a certified public accountant to carry out the audit, and may engage professionals to assist if necessary. The results of examination in the preceding paragraph shall be reported to senior management and the ethical management dedicated unit and put down in writing in the form of an audit report to be submitted to the Board of Directors.</u></p>	<p>enforcement of the systems are showing results. The internal audit unit of the Corporation shall <u>periodically</u> examine the compliance with the <u>aforementioned system</u> and <u>put down in writing in the form of an audit report to be submitted to the Board of Directors</u>. Professionals may be engaged to assist in the audit if necessary.</p>	<p>Executive Yuan on May 16, 2019.</p>
<p>Article 23 Whistle-blowing system The Corporation shall adopt a concrete whistle-blowing system and scrupulously operate the system. The whistle-blowing system shall include at least the following:</p> <p>I. An independent mailbox or hotline, either internally established and publicly announced or provided by an independent external institution, to allow internal and external personnel of the company to submit reports.</p> <p>II. Dedicated personnel or unit appointed to handle the whistle-blowing system. Any tip involving a director or senior <u>management</u> shall be reported to the independent directors. Categories of reported misconduct shall be delineated and standard operating procedures for the investigation of each shall be adopted.</p> <p>III. Record keeping and preservation of case acceptance, investigation processes, investigation results, and relevant documents.</p> <p>IV. Confidentiality of the identity of whistle-blowers and the content of reported cases, <u>and undertaking regarding anonymous reporting.</u></p> <p>V. Measures for protecting whistle-blowers from inappropriate</p>	<p>Article 23 Whistle-blowing system The Corporation shall adopt a concrete whistle-blowing system and scrupulously operate the system. The whistle-blowing system shall include at least the following:</p> <p>I. An independent mailbox or hotline, either internally established and publicly announced or provided by an independent external institution, to allow internal and external personnel of the company to submit reports.</p> <p>II. Dedicated personnel or unit appointed to handle the whistle-blowing system. Any tip involving director or senior <u>management personnel</u> shall be reported to the independent directors. Categories of reported misconduct shall be delineated and standard operating procedures for the investigation of each shall be adopted.</p> <p>III. Record keeping and preservation of case acceptance, investigation processes, investigation results, and relevant documents.</p> <p>IV. Confidentiality of the identity of whistle-blowers and the content of reported cases.</p>	<p>Amend according to the JGZFFZ No. 1080307434 document issued by the Financial Supervisory Commission of Executive Yuan on May 16, 2019.</p>

Amended Provisions	Current Provisions	Explanation
<p>disciplinary actions due to their whistle-blowing.</p> <p>VI. Whistle-blowing incentive measures.</p> <p>When material misconduct or likelihood of material impairment to the Corporation comes to its awareness upon investigation, the dedicated personnel or unit handling the whistle-blowing system shall immediately prepare a report and notify the independent directors in written form.</p>	<p>V. Measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing.</p> <p>VI. Whistle-blowing incentive measures.</p> <p>When material misconduct or likelihood of material impairment to the Corporation comes to its awareness upon investigation, the dedicated personnel or unit handling the whistle-blowing system shall immediately prepare a report and notify the independent directors in written form.</p>	
<p>Article 27 Implementation</p> <p>These Practices shall be approved by the Audit Committee, implemented after the approval of the Board of Directors for approval, and then submitted to the shareholders' meeting; the same applies when these Practices are amended.</p> <p><u>When the Corporation submits its Ethical Corporate Management Best Practice Principles to the Board of Directors for discussion pursuant to the preceding paragraph, the Board of Directors shall take into full consideration each independent director's opinions. Any objections or reservations of any independent director shall be recorded in the minutes of the Board of Directors meeting. If independent directors cannot attend the board meeting in person to express objections or reservations, they shall provide a written opinion before the Board meeting, unless there is some legitimate reason to do otherwise, and the opinion shall be specified in the minutes of the Board of Directors meeting.</u></p>	<p>Article 27 Implementation</p> <p>These Practices shall be approved by the Audit Committee, implemented after the approval of the Board of Directors for approval, and then submitted to the shareholders' meeting; the same applies when these Practices are amended.</p>	<p>Amend according to the JGZFFZ No. 1080307434 document issued by the Financial Supervisory Commission of Executive Yuan on May 16, 2019.</p>
<p>Article 28</p> <p><u>The Practices were formulated on January 04, 2017.</u></p> <p><u>The 1st amendment was made on March 14, 2018.</u></p> <p><u>The 2nd amendment was made on November 01, 2022.</u></p>	<p>Article 28</p> <p>Formulated on January 04, 2017.</p> <p>The 1st amendment was made on March 14, 2018.</p>	<p>To add the date of amendment.</p>

ITEQ CORPORATION
Operating Guide for Ethical Corporate Management Best Practice Principles
Comparison Table of Amendments

Amended Provisions	Current Provisions	Explanation
<p>Article 5 Content</p> <p>I. Responsible unit: The Corporation shall designate the <u>Operation and Management Committee</u> as the solely responsible unit (hereinafter, "responsible unit") under the board of directors and to be in charge of the amendment, implementation, interpretation, and advisory services with respect to these Procedures and Guidelines, the recording and filing of reports, and the monitoring of implementation. The responsible unit shall be in charge of the following matters and also submit regular reports to the Board of Directors:</p> <p>1. Assisting in incorporating ethics and moral values into the corporation's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations.</p> <p>2. <u>Analyzing and assessing the risk of involvement in unethical conduct within the business scope on a regular basis, adopting programs accordingly</u> to prevent unethical conduct, <u>and</u> setting out in each program the standard operating procedures and conduct guidelines with respect to the corporation's operations and business.</p> <p>3. Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.</p> <p>4. Promoting and coordinating awareness</p>	<p>Article 5 Content</p> <p>I. Responsible unit: The Corporation shall designate the <u>Operation and Management Committee</u> as the solely responsible unit (hereinafter, "responsible unit") under the board of directors and to be in charge of the amendment, implementation, interpretation, and advisory services with respect to these Procedures and Guidelines, the recording and filing of reports, and the monitoring of implementation. The responsible unit shall be in charge of the following matters and also submit regular reports to the Board of Directors:</p> <p>1. Assisting in incorporating ethics and moral values into the corporation's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations.</p> <p>2. Formulate programs to prevent unethical conduct, <u>and</u> set out the standard operating procedures and conduct guidelines with respect to the corporation's operations and business in each program.</p> <p>3. Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual</p>	<p>Amend according to the JGZFFZ No. 1080341134 document issued by the Financial Supervisory Commission of Executive Yuan on February 12, 2020.</p>

Amended Provisions	Current Provisions	Explanation
<p>and educational activities with respect to ethics policy.</p> <p>5. Developing a whistle-blowing system and ensuring its operating effectiveness.</p> <p>6. Assisting the Board of Directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.</p> <p>7. <u>Preparing and retaining properly documented information such as ethical management policy and compliance statements, situations concerning the performance of undertakings and enforcement etc.</u></p> <p>II. Prohibition against providing or accepting improper benefits</p> <p>Except under one of the following circumstances, when providing, accepting, promising, or requesting, directly or indirectly, any benefits as specified in Article 4, the conduct of the given personnel of this Corporation shall comply with the provisions of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and these Procedures and Guidelines, and the relevant procedures shall have been carried out:</p> <p>1、The conduct is undertaken to meet business needs and is in accordance with local courtesy, convention, or custom during domestic (or foreign) visits, reception of guests, promotion of business, and communication and coordination.</p> <p>2、The conduct has its basis in ordinary social activities that are attended or others are invited to hold in line with accepted social custom, commercial purposes, or developing</p>	<p>supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.</p> <p>4. Promoting and coordinating awareness and educational activities with respect to ethics policy.</p> <p>5. Developing a whistle-blowing system and ensuring its operating effectiveness.</p> <p>6. Assisting the Board of Directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.</p> <p>II. Prohibition against providing or accepting improper benefits</p> <p>Except under one of the following circumstances, when providing, accepting, promising, or requesting, directly or indirectly, any benefits as specified in Article 4, the conduct of the given personnel of this Corporation shall comply with the provisions of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and these Procedures and Guidelines, and the relevant procedures shall have been carried out:</p> <p>1、The conduct is undertaken to meet business needs and is in accordance with local courtesy, convention, or custom during domestic (or foreign) visits, reception of guests, promotion of business, and communication and</p>	

Amended Provisions	Current Provisions	Explanation
<p>relationships.</p> <p>3、Invitations to guests or attendance at commercial activities or factory visits in relation to business needs, when the method of fee payment, number of participants, class of accommodations, and the time period for the event or visit have been specified in advance.</p> <p>4、Attendance at folk festivals that are open to and invite the attendance of the general public.</p> <p>5、Rewards, emergency assistance, condolence payments, or honorariums from the management.</p> <p>6、<u>Money, property, or other benefits offered to or accepted from a person other than relatives or friends; or gifts of property given by another party to the majority of the personnel of this Corporation, which conform to the general social norms or standard etiquette.</u></p> <p>7、<u>Property received due to engagement, marriage, maternity, relocation, assumption of a position, promotion or transfer, retirement, resignation, or severance, or the injury, illness, or death of the recipient or the recipient's spouse or lineal relative, which conform to the general social norms or standard etiquette.</u></p> <p>8、Other conduct that complies with the rules of the Corporation.</p> <p>III. Procedures for handling the acceptance of improper benefits</p> <p>Except under any of the circumstances set forth in the preceding article, when any personnel of the Corporation are provided with or are promised, either directly or indirectly, any benefits as specified in Article 4 by a third party, the matter shall be handled in accordance with the following procedures:</p> <p>1、If there is no relationship of interest between the party providing or offering the</p>	<p>coordination.</p> <p>2、The conduct has its basis in ordinary social activities that are attended or others are invited to hold in line with accepted social custom, commercial purposes, or developing relationships.</p> <p>3、Invitations to guests or attendance at commercial activities or factory visits in relation to business needs, when the method of fee payment, number of participants, class of accommodations, and the time period for the event or visit have been specified in advance.</p> <p>4、Attendance at folk festivals that are open to and invite the attendance of the general public.</p> <p>5、Rewards, emergency assistance, condolence payments, or honorariums from the management.</p> <p>6、Other conduct that complies with the rules of the Corporation.</p> <p>III. Procedures for handling the acceptance of improper benefits</p> <p>Except under any of the circumstances set forth in the preceding article, when any personnel of the Corporation are provided with or are promised, either directly or indirectly, any benefits as specified in Article 4 by a third party, the matter shall be handled in accordance with the following procedures:</p> <p>1、If there is no relationship of interest between the party providing or offering the benefit and the official duties of the Corporation's personnel, the personnel shall report to their immediate supervisor within 3 days from the acceptance of the benefit, and the</p>	

Amended Provisions	Current Provisions	Explanation
<p>benefit and the official duties of the Corporation's personnel, the personnel shall report to their immediate supervisor within 3 days from the acceptance of the benefit, and the responsible unit shall be notified if necessary.</p> <p>2、If a relationship of interest does exist between the party providing or offering the benefit and the official duties of the Corporation's personnel, the personnel shall return or refuse the benefit, and shall report to his or her immediate supervisor and notify the responsible unit. When the benefit cannot be returned, then within 3 days from the acceptance of the benefit, the personnel shall refer the matter to the responsible unit for handling.</p> <p>“A relationship of interest between the party providing or offering the benefit and the official duties of this Corporation's personnel,” as referred to in the preceding paragraph, refers to one of the following circumstances:</p> <p>1、When the two parties have commercial dealings, a relationship of direction and supervision, or subsidies (or rewards) for expenses.</p> <p>2、When a contracting, trading, or other contractual relationship is being sought, is in progress, or has been established.</p> <p>3、Other circumstances in which a decision regarding the Corporation's business, or the execution or non-execution of business, will result in a beneficial or adverse impact.</p> <p>The responsible unit of the Corporation shall make a proposal, based on the nature and value of the benefit under subparagraph 1, that it be returned, accepted on payment, given to the public, donated to charity, or handled in another appropriate manner. The proposal shall be implemented after being reported and approved by the CEO.</p>	<p>responsible unit shall be notified if necessary.</p> <p>2、If a relationship of interest does exist between the party providing or offering the benefit and the official duties of the Corporation's personnel, the personnel shall return or refuse the benefit, and shall report to his or her immediate supervisor and notify the responsible unit. When the benefit cannot be returned, then within 3 days from the acceptance of the benefit, the personnel shall refer the matter to the responsible unit for handling.</p> <p>“A relationship of interest between the party providing or offering the benefit and the official duties of this Corporation's personnel,” as referred to in the preceding paragraph, refers to one of the following circumstances:</p> <p>1、When the two parties have commercial dealings, a relationship of direction and supervision, or subsidies (or rewards) for expenses.</p> <p>2、When a contracting, trading, or other contractual relationship is being sought, is in progress, or has been established.</p> <p>3、Other circumstances in which a decision regarding the Corporation's business, or the execution or non-execution of business, will result in a beneficial or adverse impact.</p> <p>The responsible unit of the Corporation shall make a proposal, based on the nature and value of the benefit under subparagraph 1, that it be returned, accepted on payment, given to the public, donated to charity, or handled in</p>	

Amended Provisions	Current Provisions	Explanation
<p>IV. Prohibition of and handling procedure for facilitating payments</p> <p>The Corporation shall neither provide nor promise any facilitating payment.</p> <p>If any personnel of the Corporation provides or promises a facilitating payment under threat or intimidation, they shall submit a report to their immediate supervisor stating the facts and shall notify the responsible unit.</p> <p>Upon receipt of the report under the preceding paragraph, the responsible unit shall take immediate action and undertake a review of relevant matters in order to minimize the risk of recurrence. In a case involving alleged illegality, the responsible unit shall also immediately report to the relevant judicial agency.</p> <p>V. Procedures for handling political contributions</p> <p>Political contributions by the Corporation <u>shall be made in accordance with the following provisions, reported to the supervisor in charge for approval, and a notification given to the responsible unit, and when the amount of a contribution is NT\$1,000,000 or more, it shall be made only after being reported to and approved by the Board of Directors.</u></p> <p><u>1. Shall be ascertained that the political contribution is in compliance with the laws and regulations governing political contributions in the country in which the recipient is located, including the maximum amount and the form in which a contribution may be made.</u></p> <p><u>2. A written record of the decision-making process shall be kept.</u></p> <p><u>3. Account entries shall be made for all political contributions in accordance with applicable laws and regulations and relevant procedures for accounting treatment.</u></p> <p><u>4. In making political contributions,</u></p>	<p>another appropriate manner. The proposal shall be implemented after being reported and approved by the CEO.</p> <p>IV. Prohibition of and handling procedure for facilitating payments</p> <p>The Corporation shall neither provide nor promise any facilitating payment.</p> <p>If any personnel of the Corporation provides or promises a facilitating payment under threat or intimidation, they shall submit a report to their immediate supervisor stating the facts and shall notify the responsible unit.</p> <p>Upon receipt of the report under the preceding paragraph, the responsible unit shall take immediate action and undertake a review of relevant matters in order to minimize the risk of recurrence. In a case involving alleged illegality, the responsible unit shall also immediately report to the relevant judicial agency.</p> <p>V. Procedures for handling political contributions</p> <p>Political contributions shall be provided by the Corporation <u>after it is ascertained that the political contribution is in compliance with the laws and regulations governing political contributions in the country in which the recipient is located and approved by the supervisor in charge according to the provisions of level of authority.</u></p> <p>VI. Procedures for handling charitable donations or sponsorships</p> <p>Charitable donations or sponsorships by the Corporation shall be provided in accordance with <u>the Corporation's relevant regulations</u> and the following</p>	

Amended Provisions	Current Provisions	Explanation
<p>commercial dealings, applications for permits, or carrying out other matters involving the interests of the Corporation with the related government agencies shall be avoided.</p> <p>VI. Procedures for handling charitable donations or sponsorships</p> <p>Charitable donations or sponsorships by the Corporation shall be provided in accordance with the following provisions, and reported to the supervisor in charge for approval, and a notification shall be given to the responsible unit. They shall be reported to the Board of Directors for verification regardless of the amount:</p> <p>1、It shall be ascertained that the donation or sponsorship is in compliance with the laws and regulations of the country where the Corporation is doing business.</p> <p>2、A written record of the decision-making process shall be kept.</p> <p>3、A charitable donation shall be given to a valid charitable institution and may not be a disguised form of bribery.</p> <p>4、The returns received as a result of any sponsorship shall be specific and reasonable, and the subject of the sponsorship may not be a counterparty of the Corporation's commercial dealings or a party with which any personnel of the Corporation has a relationship of interest.</p> <p>5、After a charitable donation or sponsorship has been given, it shall be ascertained that the destination to which the money flows is consistent with the purpose of the contribution.</p> <p>VII. Recusal</p> <p>When a director, managerial officer or other stakeholder of the Corporation attending or present at a Board meeting, or the juristic person represented thereby, has a stake in a matter under <u>discussion in the meeting</u>, that director,</p>	<p>provisions:</p> <p>1、It shall be ascertained that the donation or sponsorship is in compliance with the laws and regulations of the country where the Corporation is doing business.</p> <p>2、A written record of the decision-making process shall be kept.</p> <p>3、A charitable donation shall be given to a valid charitable institution and may not be a disguised form of bribery.</p> <p>4、The returns received as a result of any sponsorship shall be specific and reasonable, and the subject of the sponsorship may not be a counterparty of the Corporation's commercial dealings or a party with which any personnel of the Corporation has a relationship of interest.</p> <p>5、After a charitable donation or sponsorship has been given, it shall be ascertained that the destination to which the money flows is consistent with the purpose of the contribution.</p> <p>VII. Recusal</p> <p>When a director, managerial officer or other stakeholder of the Corporation attending or present at a Board meeting, or the juristic person represented thereby, has a stake in a matter <u>of proposals in the meeting</u>, that director, managerial officer or stakeholder shall state the important aspects of the stake in the meeting and, where there is a likelihood that the interests of this Corporation would be prejudiced, may not participate in the discussion or vote on that proposal, shall recuse himself or</p>	

Amended Provisions	Current Provisions	Explanation
<p>managerial officer or stakeholder shall state the important aspects of the stake in the meeting and, where there is a likelihood that the interests of this Corporation would be prejudiced, may not participate in the discussion or vote on that proposal, shall recuse himself or herself from any discussion and voting, and may not exercise voting rights as proxy on behalf of another director. The directors shall exercise discipline among themselves, and may not support each other in an inappropriate manner.</p> <p><u>Where the spouse, a blood relative within the second degree of kinship of a director, or any company which has a controlling or subordinate relation with a director has interests in the matters under discussion in the meeting of the preceding paragraph, such director shall be deemed to have a personal interest in the matter.</u></p> <p>If in the course of conducting company business, any personnel of the Corporation discovers that a potential conflict of interest exists involving themselves or the juristic person that they represent, or that they or their spouse, parents, children, or a person with whom they have a relationship of interest is likely to obtain improper benefits, the personnel shall report the relevant matters to both his or her immediate supervisor and the responsible unit, and the immediate supervisor shall provide the personnel with proper instructions.</p> <p>No personnel of the Corporation may use company resources on commercial activities other than those of the Corporation, nor may any personnel's job performance be affected by his or her involvement in the commercial activities other than those of the Corporation.</p> <p>~Hereinafter omitted~</p>	<p>herself from any discussion and voting, and may not exercise voting rights as proxy on behalf of another director. The directors shall exercise discipline among themselves, and may not support each other in an inappropriate manner.</p> <p>If in the course of conducting company business, any personnel of the Corporation discovers that a potential conflict of interest exists involving themselves or the juristic person that they represent, or that they or their spouse, parents, children, or a person with whom they have a relationship of interest is likely to obtain improper benefits, the personnel shall report the relevant matters to both his or her immediate supervisor and the responsible unit, and the immediate supervisor shall provide the personnel with proper instructions.</p> <p>No personnel of the Corporation may use company resources on commercial activities other than those of the Corporation, nor may any personnel's job performance be affected by his or her involvement in the commercial activities other than those of the Corporation.</p> <p>~Hereinafter omitted~</p>	
<p>Article 6 Handling of unethical conduct by personnel of the Corporation</p>	<p>Article 6 Handling of unethical conduct by personnel of the</p>	<p>Amend according to the JGZFF No. 1080341134</p>

Amended Provisions	Current Provisions	Explanation
<p>As an incentive to insiders and outsiders for informing of unethical or unseemly conduct, the Corporation will grant a reward depending the seriousness of the circumstance concerned and a reporting reward shall be given according to the relevant regulations. Insiders having made a false report or malicious accusation shall be subject to disciplinary action and be removed from office if the circumstance concerned is material.</p> <p>The Corporation shall internally establish and publicly announce on its website and the intranet, an independent mailbox (iteq.audit@iteq.com.tw) or hotline, for insiders and outsiders of the Corporation to submit reports.</p> <p>A whistleblower shall at least furnish the following information:</p> <p>1、The whistleblower's name and I.D. Number, <u>whistleblowing reports may be submitted anonymously</u>, whistleblowing reports may be submitted anonymously, and an address, telephone number and e-mail address where he/she can be reached.</p> <p>2、The informed party's name or other information sufficient to distinguish its identifying features.</p> <p>3、Specific facts available for investigation.</p> <p>Personnel of the Corporation handling whistleblowing matters shall represent in writing they will keep the whistleblowers' identity and contents of information confidential. The Corporation also undertakes to protect the whistleblowers from improper treatment due to their whistleblowing. The responsible unit of the Corporation shall observe the following procedure in handling <u>whistleblowing matters</u>:</p> <p>1、An information shall be reported to the department head if involving the rank and file</p>	<p>Corporation</p> <p>As an incentive to insiders and outsiders for informing of unethical or unseemly conduct, the Corporation will grant a reward depending the seriousness of the circumstance concerned and a reporting reward shall be given according to the relevant regulations. Insiders having made a false report or malicious accusation shall be subject to disciplinary action and be removed from office if the circumstance concerned is material.</p> <p>The Corporation shall internally establish and publicly announce on its website and the intranet, an independent mailbox (iteq.audit@iteq.com.tw) or hotline, for insiders and outsiders of the Corporation to submit reports.</p> <p>A whistleblower shall at least furnish the following information:</p> <p>1、The whistleblower's name and I.D. Number, and an address, telephone number and e-mail address where he/she can be reached.</p> <p>2、The informed party's name or other information sufficient to distinguish its identifying features.</p> <p>3、Specific facts available for investigation.</p> <p>Personnel of the Corporation handling whistle-blowing matters shall represent in writing they will keep the whistleblowers' identity and contents of information confidential. The Corporation also undertakes to protect the whistleblowers from improper treatment due to their whistleblowing.</p> <p>The responsible unit of the Corporation</p>	<p>document issued by the Financial Supervisory Commission of Executive Yuan on February 12, 2020.</p>

Amended Provisions	Current Provisions	Explanation
<p>and to an independent director if involving a director or a senior executive.</p> <p>2、The responsible unit of the Corporation and the department head or personnel being reported to in the preceding subparagraph shall immediately verify the facts and, where necessary, with the assistance of the legal compliance or other related department.</p> <p>3、If a person being informed of is confirmed to have indeed violated the applicable laws and regulations or the Corporation's policy and regulations of ethical management, the Corporation shall immediately require the violator to cease the conduct and shall make an appropriate disposition. When necessary, the Corporation will report to the competent authority, refer said person to judicial authority for investigation, or institute legal proceedings and seek damages to safeguard its reputation and its rights and interests.</p> <p>~Hereinafter omitted~</p>	<p>shall handle according to the following procedures:</p> <p>1、An information shall be reported to the department head if involving the rank and file and to an independent director if involving a director or a senior executive.</p> <p>2、The responsible unit of the Corporation and the department head or personnel being reported to in the preceding subparagraph shall immediately verify the facts and, where necessary, with the assistance of the legal compliance or other related department.</p> <p>3、If a person being informed of is confirmed to have indeed violated the applicable laws and regulations or the Corporation's policy and regulations of ethical management, the Corporation shall immediately require the violator to cease the conduct and shall make an appropriate disposition. When necessary, the Corporation will institute legal proceedings and seek damages to safeguard its reputation and its rights and interests.</p> <p>~Hereinafter omitted~</p>	
<p>Article 8 Internal awareness sessions and establishment of a system for rewards, penalties, and complaints, and related disciplinary measures</p> <p>The Management Department of the Corporation shall organize an internal awareness session at least once each year and arrange for the Chairperson of the Board, CEO, or senior management to communicate the importance of ethics to its directors, employees, and mandataries.</p>	<p>Article 8 Internal awareness sessions and establishment of a system for rewards, penalties, and complaints, and related disciplinary measures</p> <p>The responsible unit of the Corporation shall organize an internal awareness session periodically and arrange for the Chairperson of the Board, CEO, or senior management to communicate the importance of ethics to its directors, employees, and mandataries.</p>	<p>This Article is amended to clearly state that the Management Department is responsible for organizing the briefing and conducting internal awareness session annually.</p>

Amended Provisions	Current Provisions	Explanation
<p>The Corporation shall link ethical management to employee performance evaluations and human resources policy, and establish clear and effective systems for rewards, penalties, and complaints.</p> <p>~Hereinafter omitted~</p>	<p>The Corporation shall link ethical management to employee performance evaluations and human resources policy, and establish clear and effective systems for rewards, penalties, and complaints.</p> <p>~Hereinafter omitted~</p>	
<p>Article 10</p> <p>These Procedures and Guidelines were formulated on January 04, 2017.</p> <p>The 1st amendment was made on March 14, 2018,</p> <p><u>the 2nd amendment was made on November 01, 2022.</u></p>	<p>Article 10</p> <p>These Procedures and Guidelines were formulated on January 04, 2017.</p> <p>The 1st amendment was made on March 14, 2018.</p>	<p>To add the date of amendment.</p>

Appendix 5

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
ITEQ Corporation

Opinion

We have audited the accompanying consolidated financial statements of ITEQ Corporation and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Assessment of Inventory

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

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

1. We obtained an understanding the design and implementation of the internal control related to inventory, which included the evaluation of the impairment and obsolescence of inventory which were recognized and approved by management.
2. We selected samples from the year-end inventory record details and verified the purchase price of raw materials or sales price of inventories and we recalculated the net realizable value to confirm the correctness of its calculation. We took samples and compared the net realizable value of inventories with their carrying amount to assess the reasonableness of the inventory impairment provisions.
3. We obtained the slow-moving inventory and the aging report of inventory in detail, analyzed the differences between the current and prior years, and we recalculated the impairment of obsolete inventory to confirm the correctness of its calculation.

Other Matter

We have also audited the parent company only financial statements of ITEQ Corporation as of and for the years ended December 31, 2022 and 2021 on which we have issued an unmodified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 consolidated financial statements.

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Kuan-Hao, Li and Yi-Chi, Chein.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 7, 2023

Notice to Readers

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

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

ITEQ CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

ASSETS	2022		2021	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 5,213,819	16	\$ 4,423,278	12
Financial assets at fair value through profit or loss - current (Note 7)	3,273	-	4,618	-
Net accounts receivable and notes receivable (Note 8)	12,119,285	36	13,260,199	37
Other receivables (Notes 22 and 27)	269,426	1	225,839	1
Current tax assets (Note 23)	32,381	-	32,456	-
Inventories, net (Note 9)	2,731,351	8	5,166,981	14
Other current assets (Note 15)	1,099,406	3	1,261,998	3
Total current assets	21,468,941	64	24,375,369	67
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Note 10)	32,684	-	29,687	-
Investments accounted for using equity method (Note 11)	47,603	-	-	-
Property, plant and equipment (Note 12)	6,556,717	20	6,504,769	18
Right-of-use assets (Notes 13 and 28)	298,374	1	310,873	1
Intangible assets (Note 14)	9,141	-	8,360	-
Deferred tax assets (Note 23)	285,385	1	293,471	1
Other non-current assets (Notes 15, 19 and 28)	4,684,764	14	4,714,757	13
Total non-current assets	11,914,668	36	11,861,917	33
TOTAL	\$ 33,383,609	100	\$ 36,237,286	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 6)	\$ 2,465,577	7	\$ 2,131,144	6
Financial liabilities at fair value through profit or loss - current (Note 7)	7,681	-	-	-
Short-term bills payable, net (Note 16)	149,915	1	-	-
Accounts payable and notes payable	5,926,422	18	7,121,256	19
Other payables (Note 17)	1,635,974	5	4,259,191	12
Current tax liabilities (Note 23)	550,684	2	640,862	2
Provisions - current (Note 18)	14,539	-	17,023	-
Lease liabilities - current (Notes 13 and 28)	55,120	-	49,366	-
Current portion of long-term borrowings (Note 16)	17,086	-	-	-
Other current liabilities (Note 21)	60,037	-	45,963	-
Total current liabilities	10,883,035	33	14,264,805	39
NON-CURRENT LIABILITIES				
Lease liabilities - non-current (Notes 13 and 28)	213,861	1	227,546	1
Long-term borrowings, net of current portion (Note 16)	1,676,771	5	-	-
Deferred tax liabilities (Note 23)	460,976	1	396,501	1
Guarantee deposits received	37,980	-	33,696	-
Total non-current liabilities	2,389,588	7	657,743	2
Total liabilities	13,272,623	40	14,922,548	41
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 20 and 25)				
Share capital	3,629,572	11	3,829,572	10
Capital surplus	9,201,666	27	9,690,481	27
Retained earnings				
Legal reserve	2,199,863	7	1,885,194	5
Special reserve	514,181	2	444,936	1
Unappropriated earnings	4,847,042	14	5,978,737	17
Total retained earnings	7,561,086	23	8,308,867	23
Other items in equity	(281,338)	(1)	(514,182)	(1)
Total equity	20,110,986	60	21,314,738	59
TOTAL	\$ 33,383,609	100	\$ 36,237,286	100

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

ITEQ CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Note 21)	\$ 29,129,710	100	\$ 32,524,688	100
COST OF GOODS SOLD (Notes 9 and 22)	<u>25,189,807</u>	<u>86</u>	<u>26,545,139</u>	<u>82</u>
GROSS PROFIT	<u>3,939,903</u>	<u>14</u>	<u>5,979,549</u>	<u>18</u>
OPERATING EXPENSES (Notes 22 and 28)				
Selling and marketing expenses	652,520	2	656,981	2
General and administrative expenses	857,993	3	997,089	3
Research and development expenses	531,022	2	510,019	2
Expected credit loss (gain)	<u>1,949</u>	<u>-</u>	<u>(4,036)</u>	<u>-</u>
Total operating expenses	<u>2,043,484</u>	<u>7</u>	<u>2,160,053</u>	<u>7</u>
PROFIT FROM OPERATIONS	<u>1,896,419</u>	<u>7</u>	<u>3,819,496</u>	<u>11</u>
NON-OPERATING INCOME (Notes 22 and 28)				
Interest income	22,453	-	10,391	-
Other income	160,800	-	67,049	-
Finance costs	(106,876)	-	(81,127)	-
Shares of loss of joint venture recognized using the equity method	(1,397)	-	-	-
Other gains and losses	<u>343,726</u>	<u>1</u>	<u>(1,106)</u>	<u>-</u>
Total non-operating income and expenses	<u>418,706</u>	<u>1</u>	<u>(4,793)</u>	<u>-</u>
INCOME BEFORE INCOME TAX	2,315,125	8	3,814,703	11
INCOME TAX EXPENSE (Note 23)	<u>459,952</u>	<u>2</u>	<u>669,900</u>	<u>2</u>
NET INCOME FOR THE YEAR	<u>1,855,173</u>	<u>6</u>	<u>3,144,803</u>	<u>9</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 19)	6,222	-	1,883	-
Unrealized gain on equity investments through other comprehensive income (Note 20)	4,097	-	(7,255)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 23)	<u>(1,406)</u>	<u>-</u>	<u>510</u>	<u>-</u>
	<u>8,913</u>	<u>-</u>	<u>(4,862)</u>	<u>-</u>

(Continued)

ITEQ CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations (Note 20)	\$ 287,691	1	\$ (78,126)	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Notes 20 and 23)	<u>(57,538)</u>	<u>-</u>	<u>15,625</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss, net of income tax	<u>230,153</u>	<u>1</u>	<u>(62,501)</u>	<u>-</u>
Other comprehensive (loss) income for the year, net of income tax	<u>239,066</u>	<u>1</u>	<u>(67,363)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 2,094,239</u>	<u>7</u>	<u>\$ 3,077,440</u>	<u>9</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	<u>\$ 1,855,173</u>	<u>6</u>	<u>\$ 3,144,803</u>	<u>10</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	<u>\$ 2,094,239</u>	<u>7</u>	<u>\$ 3,077,440</u>	<u>9</u>
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 24)				
Basic	<u>\$ 4.94</u>		<u>\$ 9.00</u>	
Diluted	<u>\$ 4.91</u>		<u>\$ 8.93</u>	

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

(Concluded)

ITEQ CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	Share capital		Capital Surplus (Note 20 and 25)	Retained Earnings (Note 20)			Other Item Equity (Note 20)		treasury stock	Total Equity
	Shares (Thousands)	Share Capital (Note 20)		Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income		
BALANCE AT JANUARY 1, 2021	332,957	\$ 3,329,572	\$ 3,682,051	\$ 1,618,630	\$ 583,390	\$ 4,624,947	\$ (442,507)	\$ (2,429)	\$ -	\$ 13,393,654
Appropriation of 2020 earnings										
Legal reserve	-	-	-	266,564	-	(266,564)	-	-	-	-
Special reserve	-	-	-	-	(138,454)	138,454	-	-	-	-
Cash dividends	-	-	-	-	-	(1,664,786)	-	-	-	(1,664,786)
Capital increase by cash	50,000	500,000	5,994,343	-	-	-	-	-	-	6,494,343
Share-based payment due to issuance of ordinary shares (Note 25)	-	-	14,087	-	-	-	-	-	-	14,087
Net consolidated income for the year ended December 31, 2021	-	-	-	-	-	3,144,803	-	-	-	3,144,803
Other comprehensive income for the year ended December 31, 2021	-	-	-	-	-	1,883	(62,501)	(6,745)	-	(67,363)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	3,146,686	(62,501)	(6,745)	-	3,077,440
BALANCE AT DECEMBER 31, 2021	382,957	3,829,572	9,690,481	1,885,194	444,936	5,978,737	(505,008)	(9,174)	-	21,314,738
Appropriation of 2021 earnings										
Legal reserve	-	-	-	314,669	-	(314,669)	-	-	-	-
Special reserve	-	-	-	-	69,245	(69,245)	-	-	-	-
Cash dividends	-	-	-	-	-	(1,914,786)	-	-	-	(1,914,786)
Share-based payment due to issuance of ordinary shares (Note 25)	-	-	16,404	-	-	-	-	-	-	16,404
Buy-back of ordinary shares	-	-	-	-	-	-	-	-	(1,399,609)	(1,399,609)
Treasury stock cancellation	(20,000)	(200,000)	(505,219)	-	-	(694,390)	-	-	1,399,609	-
Net consolidated income for the year ended December 31, 2022	-	-	-	-	-	1,855,173	-	-	-	1,855,173
Other comprehensive income for the year ended December 31, 2022	-	-	-	-	-	6,222	230,153	2,691	-	239,066
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	-	1,861,395	230,153	2,691	-	2,094,239
BALANCE AT DECEMBER 31, 2022	362,957	\$ 3,629,572	\$ 9,201,666	\$ 2,199,863	\$ 514,181	\$ 4,847,042	\$ (274,855)	\$ (6,483)	\$ -	\$ 20,110,986

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

ITEQ CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 2,315,125	\$ 3,814,703
Adjustments for:		
Depreciation expense	1,069,173	948,002
Expected credit loss (gain)	1,949	(4,036)
Net loss on financial assets at fair value through profit or loss	6,495	1,078
Finance costs	106,876	81,127
Interest income	(22,453)	(10,391)
Share-based compensation	16,404	14,087
Share of profits and losses of related companies recognized using the equity method	1,397	-
Loss on disposal of property, plant and equipment	4,884	11,551
Reversal of loss on impairment of property, plant and equipment	(17,475)	(18,707)
Recognition of write-down of inventories	73,318	90,727
(Gain) loss on foreign currency exchange	(17,287)	5,181
Amortization of prepayments	92,004	73,155
Reversal of provisions	(2,766)	(14,425)
Loss from disaster	-	464,195
Changes in operating assets and liabilities		
Notes receivable	(1,250,673)	1,193,241
Accounts receivable	3,700,129	(3,967,941)
Other receivables	(38,259)	(137,505)
Inventories	2,784,260	(2,258,091)
Offset against value-added tax payable	319,064	(103,989)
Other current assets	(35,135)	(26,092)
Accounts payable	(1,858,324)	2,422,311
Other payables	(253,059)	1,330,091
Other current liabilities	7,860	(1,808)
Cash generated from operations	7,003,507	3,906,464
Interest paid	(97,881)	(80,187)
Income tax paid	(479,031)	(673,047)
Net cash generated from operating activities	<u>6,426,595</u>	<u>3,153,230</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from purchase of financial assets at fair value through other comprehensive income	2,531	-
Acquisition of joint venture	(49,000)	-
Return of investments	1,100	713
Payments for property, plant and equipment	(3,152,054)	(4,948,268)
Proceeds from disposal of property, plant and equipment	2,955	1,984
Increase in refundable deposits	(26,474)	(27,272)
Decrease in refundable deposits	31,610	68,275

(Continued)

ITEQ CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
Increase in other non-current assets	\$ (50,917)	\$ (68,234)
Interest received	<u>21,332</u>	<u>9,282</u>
Net cash used in investing activities	<u>(3,218,917)</u>	<u>(4,963,520)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	147,552	(60,899)
Increase (decrease) in short-term bills payable	149,620	(50,412)
Proceeds from long-term borrowings	1,679,062	230,000
Repayments of long-term borrowings	-	(1,958,235)
Increase in guarantee deposits received	16,925	9,616
Decrease in guarantee deposits received	(13,099)	(12,256)
Repayment of the principal portion of lease liabilities	(60,438)	(54,638)
Cash dividends paid	(1,914,786)	(1,664,786)
Proceeds from issuance of ordinary shares	-	6,494,343
Payments for buy-back of ordinary shares	<u>(1,399,609)</u>	<u>-</u>
Net cash (used in) generated from financing activities	<u>(1,394,773)</u>	<u>2,932,733</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(1,022,364)</u>	<u>13,701</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	790,541	1,136,144
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>4,423,278</u>	<u>3,287,134</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 5,213,819</u>	<u>\$ 4,423,278</u>

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

(Concluded)

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
ITEQ Corporation

Opinion

We have audited the accompanying financial statements of ITEQ Corporation (the “Company”), which comprise the balance sheets as of December 31, 2022 and 2021, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and 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 for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Assessment of Inventory

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

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

1. We obtained an understanding the design and implementation of the internal control related to inventory, which included the evaluation of the impairment and obsolescence of inventory which were recognized and approved by management.
2. We selected samples from the year-end inventory record details and verified the purchase price of raw materials or sales price of inventories and we recalculated the net realizable value to confirm the correctness of its calculation. We took samples and compared the net realizable value of inventories with their carrying amount to assess the reasonableness of the inventory impairment provisions.
3. We obtained the slow-moving inventory and the aging report of inventory in detail, analyzed the differences between the current and prior years, and we recalculated the impairment of obsolete inventory to confirm the correctness of its calculation.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the company audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Kuan-Hao, Li and Yi-Chi, Chein.

Deloitte & Touch
Taipei, Taiwan
Republic of China

March 7, 2023

Notice to Readers

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

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

ITEQ CORPORATION

BALANCE SHEETS

DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

ASSETS	2022		2021	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 344,406	2	\$ 1,051,780	5
Accounts receivable and notes receivable, net (Note 8)	522,831	2	577,690	2
Accounts receivable - related parties (Note 25)	271,479	1	635,409	3
Other receivables (Notes 19, 24 and 25)	213,905	1	177,748	1
Other receivables - related parties (Note 25)	185,153	1	304,527	1
Current tax assets (Note 20)	32,381	-	32,299	-
Inventories, net (Note 9)	215,885	1	558,202	2
Other current assets (Note 6)	93,345	-	66,170	-
Total current assets	<u>1,879,385</u>	<u>8</u>	<u>3,403,825</u>	<u>14</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Note 10)	2,371	-	5,304	-
Investment accounted for using the equity method (Note 11)	20,812,109	83	18,346,299	78
Property, plant and equipment (Note 12)	833,619	3	295,185	1
Right-of-use assets (Notes 13 and 25)	174,021	1	200,295	1
Deferred tax assets (Note 20)	234,876	1	247,343	1
Prepayments for equipment	865,590	3	987,314	4
Other non-current assets (Notes 14, 16 and 25)	177,740	1	153,642	1
Total non-current assets	<u>23,100,326</u>	<u>92</u>	<u>20,235,382</u>	<u>86</u>
TOTAL	<u>\$ 24,979,711</u>	<u>100</u>	<u>\$ 23,639,207</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 15)	\$ 1,650,000	7	\$ -	-
Short-term bills payable, net (Note 15)	149,915	1	-	-
Financial liabilities at fair value through profit or loss - current (Note 7)	7,681	-	-	-
Accounts payable and notes payable	377,272	1	322,408	2
Accounts payable - related parties (Note 25)	207,976	1	553,457	3
Other payables	577,317	2	783,624	3
Other payables - related parties (Note 25)	7,257	-	8,495	-
Current tax liabilities (Note 20)	-	-	9,329	-
Lease liabilities - current (Notes 13 and 25)	28,103	-	27,766	-
Other current liabilities (Note 18)	56,981	-	51,139	-
Total current liabilities	<u>3,062,502</u>	<u>12</u>	<u>1,756,218</u>	<u>8</u>
NON-CURRENT LIABILITIES				
Long-term borrowings, net of current portion (Note 15)	1,200,000	5	-	-
Deferred tax liabilities (Note 20)	460,976	2	396,501	1
Lease liabilities - non-current (Notes 13 and 25)	144,347	-	169,250	1
Guarantee deposits received	900	-	2,500	-
Total non-current liabilities	<u>1,806,223</u>	<u>7</u>	<u>568,251</u>	<u>2</u>
Total liabilities	<u>4,868,725</u>	<u>19</u>	<u>2,324,469</u>	<u>10</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 17)				
Share capital	3,629,572	15	3,829,572	16
Capital surplus	9,201,666	37	9,690,481	41
Retained earnings				
Legal reserve	2,199,863	9	1,885,194	8
Special reserve	514,181	2	444,936	2
Unappropriated earnings	4,847,042	19	5,978,737	25
Total retained earnings	7,561,086	30	8,308,867	35
Other items in equity	(281,338)	(1)	(514,182)	(2)
Total equity	<u>20,110,986</u>	<u>81</u>	<u>21,314,738</u>	<u>90</u>
TOTAL	<u>\$ 24,979,711</u>	<u>100</u>	<u>\$ 23,639,207</u>	<u>100</u>

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

ITEQ CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 18 and 25)	\$ 1,946,161	100	\$ 3,680,011	100
COST OF GOODS SOLD (Notes 9, 19 and 25)	<u>2,060,888</u>	<u>106</u>	<u>3,778,909</u>	<u>103</u>
GROSS LOSS	<u>(114,727)</u>	<u>(6)</u>	<u>(98,898)</u>	<u>(3)</u>
UNREALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES	(5,234)	-	(9,050)	-
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES	<u>9,050</u>	<u>-</u>	<u>25,276</u>	<u>1</u>
REALIZED GROSS LOSS	<u>(110,911)</u>	<u>(6)</u>	<u>(82,672)</u>	<u>(2)</u>
OPERATING EXPENSES (Notes 19 and 25)				
Selling and marketing expenses	101,312	5	102,401	3
General and administrative expenses	327,400	17	400,198	11
Research and development expenses	201,549	10	173,163	4
Expected credit (gain) loss	<u>(2,951)</u>	<u>-</u>	<u>3,327</u>	<u>-</u>
Total operating expenses	<u>627,310</u>	<u>32</u>	<u>679,089</u>	<u>18</u>
LOSS FROM OPERATIONS	<u>(738,221)</u>	<u>(38)</u>	<u>(761,761)</u>	<u>(20)</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Notes 19 and 25)	15,197	1	37,420	1
Interest revenue (Notes 19 and 25)	2,409	-	1,618	-
Finance costs (Notes 19 and 25)	(20,541)	(1)	(24,489)	(1)
Other gains and losses (Note 19)	576,936	30	(98,448)	(3)
Share of profit of subsidiaries and joint ventures (Note 11)	<u>2,036,603</u>	<u>105</u>	<u>3,955,681</u>	<u>108</u>
Total non-operating income and expenses	<u>2,610,604</u>	<u>135</u>	<u>3,871,782</u>	<u>105</u>
INCOME BEFORE INCOME TAX	1,872,383	97	3,110,021	85
INCOME TAX EXPENSE (BENEFIT) (Note 20)	<u>17,210</u>	<u>1</u>	<u>(34,782)</u>	<u>(1)</u>
NET INCOME FOR THE YEAR	<u>1,855,173</u>	<u>96</u>	<u>3,144,803</u>	<u>86</u>

(Continued)

ITEQ CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized loss on equity investments through other comprehensive income (Note 17)	\$ (2,933)	-	\$ (4,696)	-
Remeasurement of defined benefit plans (Note 16)	6,222	-	1,883	-
Share of other comprehensive income (loss) of subsidiaries	<u>5,624</u>	<u>-</u>	<u>(2,049)</u>	<u>-</u>
	<u>8,913</u>	<u>-</u>	<u>(4,862)</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations (Note 17)	287,691	15	(78,126)	(2)
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 20)	<u>(57,538)</u>	<u>(3)</u>	<u>15,625</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss, net of income tax	<u>230,153</u>	<u>12</u>	<u>(62,501)</u>	<u>(2)</u>
Other comprehensive income (loss) for the year, net of income tax	<u>239,066</u>	<u>12</u>	<u>(67,363)</u>	<u>(2)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 2,094,239</u>	<u>108</u>	<u>\$ 3,077,440</u>	<u>84</u>
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 21)				
Basic	<u>\$ 4.94</u>		<u>\$ 9.00</u>	
Diluted	<u>\$ 4.91</u>		<u>\$ 8.93</u>	

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

(Concluded)

ITEQ CORPORATION

STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	Shares (Thousands)	Share Capital (Note 17)	Capital Surplus (Notes 17 and 22)	Retained Earnings (Note 17)			Other Item Equity (Note 17)		Treasury Stock	Total Equity
				Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income		
BALANCE AT JANUARY 1, 2021	332,957	\$ 3,329,572	\$ 3,682,051	\$ 1,618,630	\$ 583,390	\$ 4,624,947	\$ (442,507)	\$ (2,429)	\$ -	\$ 13,393,654
Appropriation of 2020 earnings										
Legal reserve	-	-	-	266,564	-	(266,564)	-	-	-	-
Special reserve	-	-	-	-	(138,454)	138,454	-	-	-	-
Cash dividends	-	-	-	-	-	(1,664,786)	-	-	-	(1,664,786)
Issuance of ordinary shares for cash	50,000	500,000	5,994,343	-	-	-	-	-	-	6,494,343
Share-based payment transactions (Note 22)	-	-	14,087	-	-	-	-	-	-	14,087
Net income for the year ended December 31, 2021	-	-	-	-	-	3,144,803	-	-	-	3,144,803
Other comprehensive loss for the year ended December 31, 2021	-	-	-	-	-	1,883	(62,501)	(6,745)	-	(67,363)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	3,146,686	(62,501)	(6,745)	-	3,077,440
BALANCE AT DECEMBER 31, 2021	382,957	3,829,572	9,690,481	1,885,194	444,936	5,978,737	(505,008)	(9,174)	-	21,314,738
Appropriation of 2021 earnings										
Legal reserve	-	-	-	314,669	-	(314,669)	-	-	-	-
Special reserve	-	-	-	-	69,245	(69,245)	-	-	-	-
Cash dividends	-	-	-	-	-	(1,914,786)	-	-	-	(1,914,786)
Share-based payment transactions (Note 22)	-	-	16,404	-	-	-	-	-	-	16,404
Buy-back of ordinary shares	-	-	-	-	-	-	-	-	(1,399,609)	(1,399,609)
Treasury stock cancellation	(20,000)	(200,000)	(505,219)	-	-	(694,390)	-	-	1,399,609	-
Net income for the year ended December 31, 2022	-	-	-	-	-	1,855,173	-	-	-	1,855,173
Other comprehensive income for the year ended December 31, 2022	-	-	-	-	-	6,222	230,153	2,691	-	239,066
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	-	1,861,395	230,153	2,691	-	2,094,239
BALANCE AT DECEMBER 31, 2022	362,957	\$ 3,629,572	\$ 9,201,666	\$ 2,199,863	\$ 514,181	\$ 4,847,042	\$ (274,855)	\$ (6,483)	\$ -	\$ 20,110,986

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

ITEQ CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,872,383	\$ 3,110,021
Adjustments for:		
Expected credit (gain) loss	(2,951)	3,327
Financial instrument at fair value through profit or loss	5,150	-
Depreciation expense	197,632	172,829
Amortization of prepayments	9,473	9,429
Finance costs	20,541	24,489
Interest income	(2,409)	(1,618)
Share-based compensation	-	6,758
Share of profit of subsidiaries and joint ventures	(2,036,603)	(3,955,681)
Loss on disposal of property, plant and equipment	1,162	324
Reversal on impairment loss of property, plant and equipment	(17,856)	-
Write-downs of inventories	29,799	73,051
Unrealized gain on transactions with subsidiaries	5,234	9,050
Realized gain on the transactions with subsidiaries	(19,647)	(57,066)
(Gain) loss on foreign currency exchange	(17,582)	31,266
Losses from disaster	-	464,195
Changes in operating assets and liabilities		
Notes receivable	41,883	(13,105)
Accounts receivable	12,916	(94,656)
Accounts receivable - related parties	374,651	179,718
Other receivables	(36,012)	(123,204)
Other receivables - related parties	(26,064)	(16,432)
Inventories	312,518	(113,749)
Other current assets	(27,175)	(56,324)
Accounts payable	(319,229)	(222,702)
Accounts payable - related parties	(174,242)	291,119
Other payables	(623,431)	204,239
Other payables - related parties	569,016	(6,925)
Other current liabilities	773	970
Cash generated from (used in) operations	149,930	(80,677)
Interest paid	(16,979)	(24,952)
Income tax paid	(6,499)	(6)
Net cash generated from (used in) operating activities	<u>126,452</u>	<u>(105,635)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of financial assets at fair value through profit or loss	2,531	-
Acquisition of joint venture	(49,000)	-
Proceeds from disposal of property, plant and equipment	543	33
Decrease in refundable deposits	2,525	1,563
Increase in other non-current assets	(28,753)	(144,648)
Increase in prepayments for equipment	(568,092)	(1,010,803)

(Continued)

ITEQ CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
Interest received	\$ 1,288	\$ 509
Dividends received from subsidiaries	<u>149,900</u>	<u>277,501</u>
Net cash used in investing activities	<u>(489,058)</u>	<u>(875,845)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	1,650,000	(1,390,000)
Net increase (decrease) in short-term bills payable	149,618	(50,412)
Proceeds from long-term borrowings	1,200,000	230,000
Repayments of long-term borrowings	-	(1,958,235)
Increase in guarantee deposits received	10,800	7,200
Decrease in guarantee deposits received	(12,400)	(9,897)
Repayment of the principal portion of lease liabilities	(28,391)	(27,346)
Cash dividends paid	(1,914,786)	(1,664,786)
Payments for buy-back of ordinary shares	(1,399,609)	-
Proceeds from issuance of ordinary shares	<u>-</u>	<u>6,494,343</u>
Net cash (used in) generated from financing activities	<u>(344,768)</u>	<u>1,630,867</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENT	(707,374)	649,387
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,051,780</u>	<u>402,393</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 344,406</u>	<u>\$ 1,051,780</u>

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

(Concluded)

ITEQ CORPORATION
Profit Distribution Table
2022

Currency Unit: NT\$

Item	Amount
Beginning balance of retained earnings	3,680,036,403
Current net profit after tax	1,855,173,572
Add: Remeasurements of defined benefit plans recognized in retained earnings	6,221,775
Current net profit after tax plus other items other than the current net profit after tax is counted into the amount of the current unappropriated retained earnings	1,861,395,347
Less: Legal reserve (10%)	(186,139,535)
Add: Reversal of special reserve	232,843,406
Current earnings available for distribution	5,588,135,621
Distributable items:	
Shareholders' cash dividends (NT\$3.0 per share)	1,088,871,654
Unappropriated retained earnings	4,499,263,967

Notes:

1. The above-mentioned dividend distribution ratio is based on the number of 362,957,218 shares outstanding as of March 7, 2023.
2. 2022 profit distribution shall take the first priority.

Chairperson of the Board:
Chin-Tsai Chen

Managerial Officer:
Hsin-Hui Tsai

Accounting Supervisor:
Jung-Tsan Chou

ITEQ CORPORATION
Operating Procedures of Lending Funds to Others
Comparison Table of Amendments

Amended Provisions	Current Provisions	Explanation
<p>Article 6: Duration of loans and calculation of interest</p> <p>Whenever a borrower obtains loans from the Corporation, the loan term is limited to one year or one operating cycle (whichever is longer). The restriction of limits on the durations of loans as described in the preceding paragraph shall not apply to inter-company <u>loans of funds</u>, between overseas companies in which the Corporation holds, directly or indirectly, 100% of the voting shares, nor to loans of fund to the Corporation by any overseas company in which the Corporation holds, directly or indirectly, 100% of the voting shares. However, <u>the number of times the loan may be extended is limited to two and the total loan term for a single loan amount, which includes the extension period plus the original loan term</u> shall not exceed five years.</p> <p>Regarding the interest calculation for funds loaned by the Corporation, interest shall accrue on monthly basis at a rate not lower than the average interest rate for the Corporation's borrowings from financial institutions. Under special circumstances, an adjustment may be made based on actual situation following consent by the Board of Directors. In addition, this shall not apply to inter-company loans of funds between companies in which the Corporation holds, directly or indirectly, 100% of the voting shares, nor to loans of funds to the Corporation by any overseas company in which the Corporation holds, directly or indirectly, 100% of the voting shares.</p>	<p>Article 6: Duration of loans and calculation of interest</p> <p>Whenever a borrower obtains loans from the Corporation, the loan term is limited to one year or one operating cycle (whichever is longer). The restriction of limits on the durations of loans as described in the preceding paragraph shall not apply to inter-company loans of funds between overseas companies in which the Corporation holds, directly or indirectly, 100% of the voting shares, nor to loans of fund to the Corporation by any overseas company in which the Corporation holds, directly or indirectly, 100% of the voting shares. However, the loan term should not exceed 5 years.</p> <p>Regarding the interest calculation for funds loaned by the Corporation, interest shall accrue on monthly basis at a rate not lower than the average interest rate for the Corporation's borrowings from financial institutions. Under special circumstances, an adjustment may be made based on actual situation following consent by the Board of Directors. In addition, this shall not apply to inter-company loans of funds between companies in which the Corporation holds, directly or indirectly, 100% of the voting shares, nor to loans of funds to the Corporation by any overseas company in which the Corporation holds, directly or indirectly, 100% of the voting shares.</p>	<p>Amend the loan term for funds lend between overseas companies holding 100% and for loans lend to the parent company.</p>
<p>Article 7: Follow-up control measures for granted loans and procedures for handling overdue loans</p> <p>After a loan is granted, the Finance Department shall pay attention to any changes in the financial status, business conditions, and relevant credit situations of the borrower and its guarantor, as well as changes in the value of collaterals, and</p>	<p>Article 7: Follow-up control measures for granted loans and procedures for handling overdue loans</p> <p>After a loan is granted, the Finance Department shall pay attention to any changes in the financial status, business conditions, and relevant credit situations of the borrower and its guarantor, as well as changes in the value of collaterals, and</p>	<p>Words are amended to slightly revise this Article.</p>

<p>keep written records. If significant changes occur, they should be reported to the General Manager and relevant responsible units to handle immediately.</p> <p>When the borrower repays the loan on the maturity date or in advance, they must repay the principal and the accrued interest payable. Only then can the loan note guarantee be returned to the borrower or the mortgage be canceled.</p> <p>If the borrower fails to repay the loan at maturity, the Corporation may, according to law, take direct actions against the borrower or its guarantor and claim for reimbursement on any collaterals provided by the borrower.</p>	<p>keep written records. If significant changes occur, they should be reported to the General Manager and relevant responsible units to handle immediately.</p> <p>When the borrower repays the loan on the maturity date or in advance, they must repay the principal and the accrued interest payable. Only then can the loan note guarantee be returned to the borrower or the mortgage be canceled.</p> <p>In the event that a borrower cannot repay the loan on schedule <u>and needs an extension of loan repayment, the borrower must submit an application for extension of loan repayment, which shall be approved by the Board of Directors before the extension can be granted.</u> In case that the borrow fails to fulfill its contractual obligations, the Corporation may, according to law, take direct actions against the borrower or its guarantor and claim for reimbursement on any collaterals provided by the borrower.</p>	
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