ITEQ Corporation

Financial Statements for the
Years Ended December 31, 2022 and 2021 and
Independent Auditors’ Report

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)

	2022		2021	
ASSETS	**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	1,879,385	8	3,403,825	14
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	23,100,326	92	20,235,382	86
TOTAL	$ 24,979,711	100	$ 23,639,207	100
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	3,062,502	12	1,756,218	8
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	1,806,223	7	568,251	2
Total liabilities	4,868,725	19	2,324,469	10
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	20,110,986	81	21,314,738	90
TOTAL	$ 24,979,711	100	$ 23,639,207	100

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)	2,060,888	106	3,778,909	103
GROSS LOSS	(114,727)	(6)	(98,898)	(3)
UNREALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES	(5,234)	-	(9,050)	-
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES	9,050	-	25,276	1
REALIZED GROSS LOSS	(110,911)	(6)	(82,672)	(2)
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	(2,951)	-	3,327	-
Total operating expenses	627,310	32	679,089	18
LOSS FROM OPERATIONS	(738,221)	(38)	(761,761)	(20)
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)	2,036,603	105	3,955,681	108
Total non-operating income and expenses	2,610,604	135	3,871,782	105
INCOME BEFORE INCOME TAX	1,872,383	97	3,110,021	85
INCOME TAX EXPENSE (BENEFIT) (Note 20)	17,210	1	(34,782)	(1)
NET INCOME FOR THE YEAR	1,855,173	96	3,144,803	86

(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	5,624	-	(2,049)	-
	8,913	-	(4,862)	-
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)	(57,538)	(3)	15,625	-
Items that may be reclassified subsequently to profit or loss, net of income tax	230,153	12	(62,501)	(2)
Other comprehensive income (loss) for the year, net of income tax	239,066	12	(67,363)	(2)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 2,094,239	108	$ 3,077,440	84
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 21)				
Basic	$ 4.94		$ 9.00	
Diluted	$ 4.91		$ 8.93	

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)

				Retained Earnings (Note 17)			Other Item Equity (Note 17)			
	Shares (Thousands)	Share Capital (Note 17)	Capital Surplus (Notes 17 and 22)	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	Treasury Stock	Total Equity
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	126,452	(105,635)
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)

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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	149,900	277,501
Net cash used in investing activities	(489,058)	(875,845)
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	-	6,494,343
Net cash (used in) generated from financing activities	(344,768)	1,630,867
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENT	(707,374)	649,387
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,051,780	402,393
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 344,406	$ 1,051,780

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

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

1. GENERAL INFORMATION

ITEQ Corporation (the "Company") was incorporated on April 10, 1997. It manufactures and sells mass lamination boards, copper clad laminates, prepeg products and electronic components. The Company's shares have been listed on the Taiwan Stock Exchange (TWSE) since January 21, 2008.

The financial statements of the Company is presented in the Company's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors and authorized for issue on March 7, 2023.

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

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

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

b. The IFRSs endorsed by the FSC for application starting from 2023

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 3)

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

Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occur on or after January 1, 2022.

As of the date the financial statements were authorized for issue, the Company has assessed that the application of other standards and interpretations will not have a material impact on the Company's financial position and financial performance.

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

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

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The Company's financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

b. Basis of preparation

The Company's financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value.

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

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

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

3) Level 3 inputs are unobservable inputs for the asset or liability.

When preparing the Company's financial statements, the Company used the equity method to account for its investments in subsidiaries, associates and joint ventures. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the Company's financial statements to be the same with the amounts attributable to the owners of the Company in its financial statements, adjustments arising from the differences in accounting treatments between the Company's basis and the consolidated basis were made to investments using the equity method, the share of profit or loss of subsidiaries, associates and joint ventures, the share of other comprehensive income of subsidiaries, associates and joint ventures and the related equity items, as appropriate, in these Company's financial statements.

c. Classification of current and non-current assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within twelve months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within twelve months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the financial statements are authorized for issue; and

3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least twelve months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Foreign currencies

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Such exchange differences are recognized in profit or loss in the year in which they arise. Non-monetary items measured at fair value are translated using the prevailing exchange rates at the exchange day. Translation differences on non-monetary items measured at fair value are recognized in profit or loss of the current year. However, the translation differences are also recognized directly in the comprehensive income if the change in fair value is recognized in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purpose of preparing the financial statements, the assets and liabilities of the Company's foreign operations (including of the subsidiaries, associates, joint ventures or branches operations in other countries or currencies used different with the Company) are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. The resulting currency translation are recognized in other comprehensive income.

e. Inventories

Inventories consist of raw materials, supplies, finished goods and work-in-process and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost on the balance sheet date.

f. Investments accounted for using the equity method

The Company uses the equity method to account for investments in subsidiaries and joint ventures.

1) Investments in subsidiaries

A subsidiary is an entity (including a structured entity) that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company’s share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company’s share of equity of subsidiaries.

Any excess of the cost of acquisition over the Company’s share of the net fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company’s share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognized immediately in profit or loss.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Company had directly disposed of the related assets or liabilities.

Profits or losses resulting from downstream transactions are eliminated in full only in the parent company’s financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized only in the parent company’s financial statements only to the extent of interests in the subsidiaries that are not related to the Company.

2) Investments in joint ventures

A joint venture is a joint arrangement whereby the Company and other parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The Company uses the equity method to account for its investments in joint ventures. Under the equity method, investments in a joint venture are initially recognized at cost and adjusted thereafter to recognize the Company’s share of the profit or loss and other comprehensive income of the joint venture. The Company also recognizes the changes in the Company’s share of the equity of joint ventures.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Company discontinues the use of the equity method from the date on which its investment ceases to be a joint venture. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the joint venture attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the joint venture. The company accounts for all amounts previously recognized in other comprehensive income in relation to that joint venture on the same basis as would be required had that associate directly disposed of the related assets or liabilities.

g. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

The depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

For a contract where a land owner provides land for the construction of buildings by a property developer in exchange for a certain percentage of the buildings, any exchange gain or loss is recognized when the exchange transaction occurs, if the buildings acquired are classified as property, plant and equipment and if the exchange transaction has commercial substance.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

h. Intangible assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at least once at the end of each year. The residual value of an intangible asset with a finite useful life shall be assumed to be zero unless the Company expects to dispose of the intangible asset before the end of its economic life. The effect of any changes in estimates is accounted for on a prospective basis.

i. Impairment of property, plant and equipment, right-of-use assets and intangible assets other than goodwill

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use.

If the recoverable amount of an individual asset or cash-generating unit is lower than its carrying amount, the carrying amount shall be adjusted to its recoverable amount and the impairment loss shall be recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or assets related to contract costs is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset, cash-generating unit or assets related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

j. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss (FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

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

a) Measurement category

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

Financial assets are classified into the following categories: Financial assets at financial assets at amortized cost and equity instruments at FVTOCI.

i. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade receivables, other receivables, refundable deposits at amortized cost, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

ii) Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

i) Significant financial difficulty of the issuer or the borrower;

ii) Breach of contract, such as a default;

iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

iv) The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits and bank acceptances with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

ii. Investments in equity instruments at FVTOCI

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable).

The Company always recognizes lifetime expected credit losses (ECLs) for accounts receivable. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Company recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

c) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

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

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method, except for derivatives:

Financial guarantee contracts.

Financial guarantee contracts issued by the Company, if not designated as at FVTPL, are subsequently measured at the higher of the amount of the loss allowance reflecting expected credit losses and the amount initially recognized less the cumulative amortization recognized.

b) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

4) Derivatives

The derivatives the Company entered into are forward exchange contracts, to manage its interest rate and exchange rate risks.

Upon the signing of derivatives contracts, the derivatives are recognized at the fair value and subsequently remeasured at the fair value on the balance sheet dates. The gain or loss resulting from subsequent remeasurements are recognized as profit or loss. As these derivatives are effective hedging tools designated for hedge accounting, the timing of profit or loss recognition depends on the nature of the hedging relationships. When the fair value is positive, a derivative is listed as a financial asset. When the fair value is negative, a derivative is listed as a financial liability.

k. Provisions

Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. A provision is measured using the estimated cash flows to settle the present obligation.

l. Revenue recognition

The Company identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

Revenue from the sale of goods comes from sales of prepeg products and copper clad laminates. Sales of prepeg products and copper clad laminates are recognized as revenue when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently.

The Company does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

m. Leases

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

<u>The Company as lessee</u>

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee's incremental borrowing rate.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the balance sheets.

n. Government grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes as expenses the related cost for which the grants are intended to compensate. Specifically, government grants that are conditional on the Company's purchase, construction or other means of acquisition of non-current assets are recognized as a deduction from the carrying amount of the relevant assets and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

o. Employee benefits

<u>Short-term employee benefits</u>

Short-term employee benefits related liabilities are measured using non-discounted expected disbursement for services rendered.

<u>Post-employment benefits</u>

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Company's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

p. Share-based payment arrangements

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Company's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. The expense is recognized in full at the grant date if the grants are vested immediately. The grant date of issued ordinary shares for cash which are reserved for employees is the date on which the number of shares that the employees purchase is confirmed.

At the end of each reporting period, the Company revises its estimate of the number of employee share options that are expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - employee share options.

q. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the R.O.C., an additional tax of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain the earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimations and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

Critical Accounting Judgments

Write-down of inventories

Since inventories are denominated in terms of cost and net realizable value, the Company uses the judgment and estimates to determine the net realizable value of the inventories at the end of the reporting period.

The Company assesses the amount of inventory lost due to normal wear and tear, obsolescence or no market sales value at the end of the period of the reporting period, and reduces the inventory cost to the net realizable value. This inventory assessment is based primarily on the estimated product demand for a specific period of time in the future and may result in significant changes.

6. CASH AND EQUIVALENTS

	December 31	
	2022	**2021**
Cash on hand	$ 74	$ 74
Cash in banks	344,332	1,051,706
	$ 344,406	$ 1,051,780

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

	December 31	
	2022	**2021**
Cash in banks	0.00%-1.41%	0.00%-0.30%

As of December 31, 2022, a bank time deposit of $100 thousand with an original maturity of more than 3 months, and a market interest rate of 1.405% was classified as financial assets at amortized cost of (included in other current assets).

7. FINANCIAL INSTRUMENTS AT FVTPL

	December 31	
	2022	2021
Financial liabilities at FVTPL - current		
Financial liabilities held for trading		
Derivative financial liabilities (not under hedge accounting)		
Foreign exchange forward contracts	$ 7,681	$ -

The forward exchange contracts outstanding and not applicable to hedge accounting as of the balance sheet date are as follows:

December 31, 2022

	Currency	Maturity Period	Amount (In thousands)
Buy: Forward exchange contracts	USD to RMB	January 9, 2023-February 17, 2023	USD10,000/ RMB71,213

The Company engages in the transaction of foreign exchange contracts primarily for hedging of exchange rate volatility with assets and liabilities denominated in foreign currencies.

8. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES-NET

	December 31	
	2022	2021
Notes receivable		
At amortized cost	$ 24,644	$ 66,527
Accounts receivable		
At amortized cost		
Gross carrying amount	$ 498,661	$ 514,588
Less: Allowance for impairment loss	474	3,425
Accounts receivable, net	$ 498,187	$ 511,163
	$ 522,831	$ 577,690

The average credit period on sales of goods is 120 days. The Company also has administrative measures to strengthen sales, finance and legal collection procedures for overdue receivables. The Company evaluates the credit quality, determines the credit limit of potential customers according to an internal ratings system, reviews the credit status of customers in order to adjust their credit limits every half year, and assigns a team responsible for the determination and approval of credit limits. The team continually reviews the financial condition of accounts receivable factoring and insurance, if necessary, in order to reduce the Company’s credit risk.

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

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

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

December 31, 2022

	Not Past Due	Less than 30 Days	31 to 90 Days	Over 90 Days	Total
Expected credit loss rate	0.02%	3.23%	5.19%	100.00%	
Gross carrying amount	$ 511,990	$ 10,332	$ 983	$ -	$ 523,305
Loss allowance (lifetime ECL)	(89)	(334)	(51)	-	(474)
Amortized cost	$ 511,901	$ 9,998	$ 932	$ -	$ 522,831

December 31, 2021

	Not Past Due	Less than 30 Days	31 to 90 Days	Over 90 Days	Total
Expected credit loss rate	0.00%	0.00%	0.00%	100.00%	
Gross carrying amount	$ 571,897	$ 5,668	$ 125	$ 3,425	$ 581,115
Loss allowance (lifetime ECL)	-	-	-	(3,425)	(3,425)
Amortized cost	$ 571,897	$ 5,668	$ 125	$ -	$ 577,690

The movements of the loss allowance of trade receivables were as follows:

	December 31	
	2022	2021
Balance at January 1	$ 3,425	$ 98
Add: Net remeasurement of loss allowance	(2,951)	3,327
Less: Amounts written off	-	-
Balance at December 31	$ 474	$ 3,425

For information of factored accounts receivable, refer to Note 24.

9. INVENTORIES, NET

	December 31	
	2022	2021
Finished goods	$ 54,427	$ 57,673
Work in process	2,817	2,693
Raw materials	158,037	488,370
Goods in transit	604	9,466
	$ 215,885	$ 558,202

As of December 31, 2022 and 2021, the cost of inventories recognized as cost of goods sold was $2,060,888 thousand and $3,778,909 thousand, respectively, including write-downs of inventory of $29,799 thousand and $73,051 thousand.

The Company encountered a fire accident on the night of April 13, 2021. For related losses and insurance claims, please refer to Note 19(2).

10. FINANCIAL ASSETS AT FVTOCI

	December 31	
	2022	2021
Non-current		
Domestic investments		
TMY Technology Inc.	$ 2,371	$ 5,304

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

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

a. Investments in subsidiaries

	December 31	
	2022	2021
Non-public company		
Bon-Mou Investment Co.	$ 95,018	$ 89,277
ITEQ International Ltd.	20,669,488	18,257,022
	$ 20,764,506	$ 18,346,299

The proportion of ownership and voting rights of the Company to the subsidiaries on the balance sheet date are as follows:

	Proportion of Ownership and Voting Rights	
	December 31	
	2022	2021
Bon-Mou Investment Co.	100%	100%
ITEQ International Ltd.	100%	100%

The investments in subsidiaries accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2022 and 2021 were based on the subsidiaries' financial statements which have been audited for the years then ended. As discussed in Note 26, the Company provided financial guarantees for its subsidiary. As of December 31, 2022 and 2021, there were $36,659 thousand and $27,774 thousand included in the carrying amounts of investments in subsidiaries, respectively, due to the financial guarantees.

On March 23, 2021, the board of directors approved and planned to increase the capital of ITEQ (JX) US$80,000 thousand, which was fully received.

b. Investments in joint venture

	December 31	
	2022	2021
Non-publicly quoted entity		
MGC-ITEQ Technology Co., Ltd.	$ 47,603	$ -

As of the balance sheet date, the ownership interests and voting rights held by the Company in the joint venture are as follows:

	December 31	
	2022	2021
MGC-ITEQ Technology Co., Ltd.	49%	0%

To expand the manufacturing and sales of materials for laminate substrates in semiconductor packaging, the Group established MGC-ITEQ Technology Co., Ltd. as a joint venture with Mitsubishi Gas Chemical Company, Inc. on March 31, 2022. According to the agreement, both parties have the power to veto any major resolutions at the board meetings, so the Group has no control over the joint venture.

Please refer to Table 6 "Name, locations, and other information of investees" for the business nature of the above-mentioned joint venture, its principal place of business, and the country in which it is registered.

12. PROPERTY, PLANT AND EQUIPMENT

	Equipment	Transport Equipment	Facilities	Leased Improvements	Other Equipment	Total
Cost						
Balance at January 1, 2021	$ 909,741	$ 10,369	$ 10,202	$ 379,792	$ 609,961	$ 1,920,065
Disposals	(447,660)	(1,209)	-	(206,685)	(336,473)	(992,027)
Reclassified	31,567	-	160	68,566	55,998	156,291
Balance at December 31, 2021	$ 493,648	$ 9,160	$ 10,362	$ 241,673	$ 329,486	$ 1,084,329
Accumulated depreciation and impairment						
Balance at January 1, 2021	$ 635,341	$ 10,078	$ 8,736	$ 277,886	$ 444,349	$ 1,376,390
Depreciation expense	64,893	159	800	32,851	44,573	143,276
Disposals	(447,660)	(1,209)	-	(206,484)	(336,317)	(991,670)
Reclassified	134,802	-	-	48,914	77,432	261,148
Balance at December 31, 2021	$ 387,376	$ 9,028	$ 9,536	$ 153,167	$ 230,037	$ 789,144
Net value	$ 106,272	$ 132	$ 826	$ 88,506	$ 99,449	$ 295,185
Cost						
Balance at January 1, 2022	$ 493,648	$ 9,160	$ 10,362	$ 241,673	$ 329,486	$ 1,084,329
Disposals	(1,290)	-	-	(414)	(14,650)	(16,354)
Reclassified	352,030	-	-	164,362	191,280	707,672
Balance at December 31, 2022	$ 844,388	$ 9,160	$ 10,362	$ 405,621	$ 506,116	$ 1,775,647
Accumulated depreciation and impairment						
Balance at January 1, 2022	$ 387,376	$ 9,028	$ 9,536	$ 153,167	$ 230,037	$ 789,144
Depreciation expense	64,342	132	732	47,318	55,009	167,533
Disposals	(387)	-	-	(97)	(14,165)	(14,649)
Balance at December 31, 2022	$ 451,331	$ 9,160	$ 10,268	$ 200,388	$ 270,881	$ 942,028
Net value	$ 393,057	$ -	$ 94	$ 205,233	$ 235,235	$ 833,619

The company encountered a fire accident at night on April 13, 2021. For related losses and insurance claims, please refer to Note 19(2).

Depreciation costs of the property, plant and equipment are calculated on a straight-line basis over their estimated useful lives as shown in the following:

Buildings	
Main buildings	15-20 years
Engineering systems	3-8 years
Equipment	
Electromechanical power equipment	5-12 years
Renovation	2-5 years
Transportation equipment	5-10 years
Facilities	
Computers	3-10 years
Office furniture	3-5 years
Other equipment	
Research and development equipment	3-12 years
Pollution prevention equipment	3-12 years
Miscellaneous equipment	1-12 years
Leased improvements	3-9 years

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2022	2021
Carrying amount		
Buildings	$ 174,021	$ 200,295

	For the Year Ended December 31	
	2022	2021
Additions to right-of-use assets	$ 3,825	$ -
Depreciation charge for right-of-use assets		
Buildings	$ 30,099	$ 29,553

b. Lease liabilities

	December 31	
	2022	2021
Carrying amount		
Current	$ 28,103	$ 27,766
Non-current	$ 144,347	$ 169,250

Range of discount rates for lease liabilities was as follows:

	December 31	
	2022	2021
Buildings	1.6%-3.2%	1.6%-3.2%

c. Material lease-in activities and terms

The Company leases certain land, plants and office spaces with a lease term from January 2013 to December 2028. The lease contract for land located in Taiwan specifies that lease payments will be adjusted every year on the basis of changes in the consumer price index. The Company does not have bargain purchase options to acquire the leasehold land, plants and office spaces at the end of the lease term.

d. Other lease information

	For the Year Ended December 31	
	2022	2021
Expenses relating to short-term leases and low-value asset leases	$ 4,311	$ 4,809
Total cash outflow for leases	$ (35,706)	$ (35,560)

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

14. OTHER NON-CURRENT ASSETS

	December 31	
	2022	2021
Refundable deposits (Note 26)	$ 107,083	$ 108,487
Net defined benefit assets (Note 16)	28,459	22,082
Long-term prepayments	33,370	17,012
Materials and supplies	8,828	6,061
	$ 177,740	$ 153,642

15. BORROWINGS

a. Short-term borrowings

The weighted average effective interest rates on bank loans were 1.50%-1.85% and 0.63%-5.45% as of December 31, 2022 and 2021, respectively.

b. Short-term bills payable

Outstanding short-term bills payable were as follows:

	December 31	
	2022	2021
Commercial paper	$ 150,000	$ -
Less: Unamortized discounts on bills payable	85	-
	$ 149,915	$ -
Interest rate	1.89%	-

c. Long-term borrowings

	December 31	
	2022	2021
Credit loans	$ 1,200,000	$ -
Less: Current portion	-	-
Long-term borrowings	$ 1,200,000	$ -
Interest rate	1.23%-1.76%	-
Contract start/end	2022/09/01-2025/09/01	-

The company entered into a two-year credit facility on May 26, 2022, for US$25,000 thousand with Bank of China. As of December 31, 2022, 700,000 thousand of the credit facility was utilized.

The company entered into a three-year credit facility on May 25, 2022, for NT$500,000 thousand with Agricultural Bank of Taiwan. As of December 31, 2022, NT$500,000 thousand of the credit facility was utilized.

16. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

For the years ended December 31, 2022 and 2021, the Company recognized pension costs of $13,703 thousand and $14,020 thousand, respectively.

b. Defined benefit plans

The defined benefit plan adopted by the Company in accordance with the Labor Standards is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. With the consent of the Hsinchu Country Government, the contributions of pensions will be suspended from March 2021 to March 2023. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau") and the Company has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Company's defined benefit plans were as follows:

	December 31	
	2022	**2021**
Present value of defined benefit obligation	$ 22,706	$ 25,584
Fair value of plan assets	(51,165)	(47,666)
Net defined benefit assets (part of other non-current assets)	$ (28,459)	$ (22,082)

Movements in net defined benefit assets were as follows:

	Present Value of the Defined Benefit Obligation	**Fair Value of the Plan Assets**	**Net Defined Benefit Asset**
Balance at January 1, 2021	$ 26,706	$ (46,685)	$ (19,979)
Net interest expense (income)	91	(162)	(71)
Recognized in profit or loss	91	(162)	(71)
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(670)	(670)
Actuarial gain - changes in financial assumptions	(917)	-	(917)

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Asset
Actuarial loss - changes in demographic assumptions	$ 67	$ -	$ 67
Actuarial gain - experience adjustments	(363)	-	(363)
Recognized in other comprehensive income	(1,213)	(670)	(1,883)
Contributions from the employer	-	(149)	(149)
Benefits paid	-	-	-
Balance at December 31, 2021	25,584	(47,666)	(22,082)
Net interest expense (income)	171	(326)	(155)
Recognized in profit or loss	171	(326)	(155)
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(3,705)	(3,705)
Actuarial gain changes in financial assumptions	(1,438)	-	(1,438)
Actuarial gain - experience adjustments	(1,079)	-	(1,079)
Recognized in other comprehensive income	(2,517)	(3,705)	(6,222)
Benefits paid	(532)	532	-
Balance at December 31, 2022	$ 22,706	$ (51,165)	$ (28,459)

(Concluded)

The amounts of defined benefit plans recognized in profit or loss by function were as follows:

	For the Year Ended December 31	
	2022	2021
Administration profits	$ (155)	$ (71)

Through the defined benefit plans under the Labor Standards Act, the Company is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic/and foreign/equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau of Labor Funds, Ministry of Labor or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The principal assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2022	**2021**
Discount rate	1.60%	0.70%
Expected rates of future salary increase	2.00%	2.00%

If possible reasonable changes in each of the significant actuarial assumptions occur and all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	December 31	
	2022	**2021**
Discount rate(s)		
0.25% increase	$ (377)	$ (634)
0.25% decrease	$ 387	$ 659
Expected rate(s) of salary increase/decrease		
0.25% increase	$ 357	$ 648
0.25% decrease	$ (349)	$ (628)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

As of December 31, 2022 and 2021, the expected contributions to the plan for the next year were $0 thousand, respectively. The average duration of the defined benefit obligation was 3 years and 10 years.

17. EQUITY

a. Share capital

	December 31	
	2022	**2021**
Authorized shares (in thousands)	500,000	500,000
Authorized capital	$ 5,000,000	$ 5,000,000
Issued and paid shares (in thousands)	362,957	382,957
Issued capital	$ 3,629,572	$ 3,829,572

On November 1, 2022, ITEQ corporation’s board of directors resolved to cancel 20,000 thousand treasury shares, with a par value of $10 per share, resulting in a reduction of issued capital by $200,000 thousand. The record date for the capital reduction was set as November 2, 2022, and the change of registration was completed on November 18, 2022. For more information, please refer to Note 17(5).

On May 4, 2021, ITEQ Corporation’s board of directors resolved to issue 50,000 thousand ordinary shares, with a par value of NT$10, for consideration of NT$130 per share. The total amount in par value is NT$500,000 thousand, and the subscription base date was set by the board of directors on September 2, 2021. The total collected amount of shares was $6,494,343 thousand after deducting the administration fee, and the registration of changes was completed.

b. Capital surplus

	December 31	
	2022	2021
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital*		
Shares premium from issuance	$ 9,167,555	$ 9,672,774
Expired employee share options	10,378	10,378
Not to be used for any purpose		
Employee share options	23,733	7,329
	$ 9,201,666	$ 9,690,481

* Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

c. Retained earnings and dividends policy

On July 2, 2021, the Company resolved in the shareholders' meeting to passed a resolution to amend the Company's Articles of Incorporation, to authorize the board of directors to adopt a supermajority resolution to pay out dividends and bonuses in cash and report it to the shareholders' in their meeting.

Under the dividends policy as set forth in the Company's amended Articles of Incorporation, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which shall be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. Where the earnings, legal reserve, or capital surplus mentioned in the preceding paragraph is paid out in cash, the board of directors shall be authorized to adopt a supermajority resolution for the payout and report it to the shareholders' in their meeting, whereas if it is paid out by issuing new shares, it shall be carried out after a resolution is adopted by the shareholders in their meeting in accordance with the regulations.

Under the dividends policy as set forth in the Company's amended Articles of Incorporation before amendment, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonus to shareholders. For information on the accrual basis of the compensation of employees and remuneration of directors and supervisors and the actual appropriations, refer to Note 19(6), employee benefits expense.

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

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

The appropriations from the earnings of 2021 and 2020 were approved in the shareholders' meetings on June 14, 2022 and July 2, 2021, respectively. The appropriations were as follows:

	Appropriation of Earnings		Dividends Per Share (NT$)	
	2021	**2020**	**2021**	**2020**
Legal reserve	$ 314,669	$ 266,564		
Special reserve	(69,245)	(138,454)		
Cash dividends	1,914,786	1,664,786	$ 5.0	$ 5.0

The appropriation of the 2022 earnings will be proposed by the Company's board of directors on March 7, 2023. The appropriations, including dividends per share, are as follows:

	Appropriation of Earnings	Dividends Per Share (NT$)
Legal reserve	$ 186,140	
Special reserve	(232,843)	
Cash dividends	1,088,872	$ 3.0

The aforementioned cash dividends have been approved for distribution by the board of directors on March 7, 2023, with the remaining portion expected to be resolved at the shareholders' annual meeting scheduled for May 30, 2023.

Information on the bonus to employees, directors and supervisors proposed by the Company's board of directors is available on the Market Observation Post System website of the Taiwan Stock Exchange.

d. Other items of equity

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

	For the Year Ended December 31	
	2022	**2021**
Balance at January 1	$ (505,008)	$ (442,507)
Recognized for the year		
Exchange differences on translation of the financial statements of foreign operations	287,691	(78,126)
Tax effects	(57,538)	15,625
Other comprehensive income recognized for the year	230,153	(62,501)
Balance at December 31	$ (274,855)	$ (505,008)

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

	For the Year Ended December 31	
	2022	**2021**
Balance at January 1	$ (9,174)	$ (2,429)
Recognized for the year		
Unrealized loss - equity instruments	(2,933)	(4,696)
Share of other comprehensive income (loss) of subsidiaries	5,624	(2,049)
Other comprehensive income recognized for the year	2,691	(6,745)
Balance at December 31	$ (6,483)	$ (9,174)

e. Treasury shares

Unit: Thousand Shares

Purpose of Buy-back	**Number of Shares at 2022.01.01**	**Increase During the Year**	**Decrease During the Year**	**Number of Shares at 2022.12.31**
2022				
Buy back for cancelation	-	20,000	(20,000)	-

According to the Securities & Exchange Act, the treasury shares held by the Company may not be pledged and are not entitled to dividends or voting rights.

18. REVENUE

The following is an analysis of the Company's revenue from its major products:

	For the Year Ended December 31	
	2022	**2021**
Copper clad laminate	$ 1,109,043	$ 1,924,128
Prepeg	533,311	860,209
Others	303,807	895,674
	$ 1,946,161	$ 3,680,011

The balance of the contract liabilities of the Company from the sale of goods on December 31, 2022 and 2021 was $685 thousand and $0, respectively. The change in contract liabilities is mainly due to the difference between the point of meeting the performance obligation and the time of payment by the customer.

19. NET INCOME

a. Other income

	For the Year Ended December 31	
	2022	2021
Government grant	$ -	$ 736
Other income	15,197	36,684
	$ 15,197	$ 37,420

b. Other gains and losses

	For the Year Ended December 31	
	2022	2021
Net foreign exchange gain (losses)	$ 115,420	$ (33,929)
Other losses	(1,190)	(324)
Reversed on property, plant, equipment and prepaid equipment of impairment losses	17,856	-
Financial liabilities at FVTPL net of losses	(5,150)	-
Insurance claim proceeds (disaster losses)	450,000	(64,195)
	$ 576,936	$ (98,448)

In the fiscal year 2022, the Company recorded a net reversal of impairment loss on prepaid equipment expenses amounting to $17,856 thousand, which was recognized as other gains or losses. This was primarily due to the expected increase in future cash inflows, and after assessment, there was no evidence of impairment in the recoverable amount. Therefore, an amount of $17,856 thousand was reversed.

c. Depreciation and amortization

	For the Year Ended December 31	
	2022	2021
Property, plant and equipment	$ 167,533	$ 143,276
Right-of-use assets	30,099	29,553
Prepayments	9,473	9,429
	$ 207,105	$ 182,258
An analysis of depreciation by function		
Operating costs	$ 132,216	$ 115,063
Operating expenses	65,416	57,766
	$ 197,632	$ 172,829
An analysis of amortization by function		
Operating costs	$ 2,940	$ 5,812
General and administrative expenses	6,451	3,044
Research and development expenses	82	573
	$ 9,473	$ 9,429

d. Finance costs

	For the Year Ended December 31	
	2022	2021
Interest on bank loans	$ 17,537	$ 21,084
Interest on lease liabilities	3,004	3,405
	$ 20,541	$ 24,489

e. Employee benefits expense

	For the Year Ended December 31	
	2022	2021
Short-term benefits	$ 402,115	$ 569,671
Post-employment benefits (Note 16)		
Defined contribution plans	13,703	14,020
Defined benefit plans	(155)	(71)
	13,548	13,949
Share-based payment	-	6,758
	$ 415,663	$ 590,378

	For the Year Ended December 31					
	2022			2021		
	Classified as Operating Cost	Classified as Operating Expense	Total	Classified as Operating Cost	Classified as Operating Expense	Total
Analysis by function						
Salaries and bonuses	$ 159,265	$ 173,462	$ 332,727	$ 179,177	$ 282,175	$ 461,352
Employees' insurance	17,485	17,784	35,269	17,934	17,649	35,583
Pension cost	6,630	6,918	13,548	6,623	7,326	13,949
Director's remuneration	-	19,979	19,979	-	50,952	50,952
Others	9,631	4,509	14,140	16,017	12,525	28,542
	$ 193,011	$ 222,652	$ 415,663	$ 219,751	$ 370,627	$ 590,378

As of December 31, 2022 and 2021, the Company's average number of employees were 434 and 453, respectively. The number of directors who have not served as employees is 6. The average employee benefit expenses were $924 thousand and $1,207 thousand, respectively. The average salary expenses were $777 thousand and $1,032 thousand, and the average salary expenses costs changed by (24.71%). The Company has established an audit committee, and the remuneration of independent directors has been incorporated into the remuneration of directors for disclosure.

Directors: According to the Company's Articles of Association, the compensation committee recommends the remuneration of directors to the board of directors as reference, and the board of directors is authorized to make decisions based on the directors' participation in the Company's operations, and the value of their contributions, and with reference to the usual standards of the same industry. If the directors are concurrently employees, remuneration will be paid in accordance with the following regulations for managers and employees.

Managers: The remuneration of the company’s managers is in accordance with the Company’s Articles of Association, including salary, bonuses and employee remuneration, position held, responsibilities and contribution to the Company, and also based on the standards of the same industry. After the review of the compensation committee, the remuneration is submitted to the board of directors for approval before implementation.

Employees: The salary of the employees is based on the salary payment standards and their academic experience, professional knowledge, technology and professional experience. There is no difference due to their age, gender, race, religion, political stance, and marital status. Bonuses are determined based on the Company’s operational performance and employees’ personal performance. Salary payment standards are determined with reference to the salary market, company operating conditions and organizational structure, and adjusted in a timely manner based on market pay dynamics, changes in the overall economic and industrial climate, and government regulations.

f. Employees’ compensation and remuneration of directors

Articles of Incorporation of the Company stipulate to distribute compensation of employees and remuneration of directors at the rates no less than 2% and no higher than 2%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and remuneration of directors in cash for the years ended December 31, 2022 and 2021 have been approved by the Company’s board of directors on March 7, 2023 and March 16, 2022, respectively.

	For the Year Ended December 31	
	2022	**2021**
Employees’ compensation - ratio	4.0%	6.5%
Remuneration of directors - ratio	1.0%	1.5%
Employees’ compensation - cash	$ 78,837	$ 219,730
Remuneration of directors - cash	19,709	50,707

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

There was no difference between the amounts of the bonus to employees and the remuneration of directors and supervisors approved in the shareholders’ meetings and the amounts recognized in the financial statements for the years ended December 31, 2021 and 2020.

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

g. Gains (losses) on foreign currency exchange

	For the Year Ended December 31	
	2022	**2021**
Foreign exchange gains	$ 162,829	$ 25,824
Foreign exchange losses	(47,409)	(59,753)
Net gain (losses)	$ 115,420	$ (33,929)

20. INCOME TAXES

a. The major components of income tax expense recognized in profit or loss were as follows:

	For the Year Ended December 31	
	2022	2021
Current tax		
Current year	$ -	$ -
Prior year adjustments	(2,194)	8,759
	(2,194)	8,759
Deferred tax		
Current year	19,404	(43,541)
Income tax expense recognized in profit or loss	$ 17,210	$ (34,782)

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2022	2021
Income before income tax from continuing operations	$ 1,872,383	$ 3,110,021
Income tax expense calculated at the statutory rate	$ 374,477	$ 622,004
Nondeductible expenses in determining taxable income	7,382	9,254
Tax-exempt income	(344,797)	(692,457)
Unrecognized loss carryforwards	(17,658)	17,658
Adjustments for prior year's tax	(2,194)	8,759
Income tax expense recognized in profit or loss	$ 17,210	$ (34,782)

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2022	2021
Deferred tax		
In respect of the current period		
Translation of foreign operations	$ (57,538)	$ 15,625

c. Current tax asset and liability

	December 31	
	2022	2021
Current tax asset		
Income tax refund receivable	$ 32,381	$ 32,299
Current tax liability		
Income tax payable	$ -	$ (9,329)

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred tax assets				
Write-down of inventories	$ 32,797	$ 5,960	$ -	$ 38,757
Bad debt expense	5,635	253	-	5,888
Exchange differences on translation of the financial statements of foreign operations	126,251	-	(57,538)	68,713
Unrealized exchange gains and losses	6,329	(6,329)	-	-
Unrealized gain of patent disposal	2,120	(2,120)	-	-
Others	74,211	47,307	-	121,518
	$ 247,343	$ 45,071	$ (57,538)	$ 234,876
Deferred tax liabilities				
Investments accounted for using equity method	$ 396,501	$ 60,987	$ -	$ 457,488
Unrealized exchange gains and losses	-	3,488	-	3,488
	$ 396,501	$ 64,475	$ -	$ 460,976

For the year ended December 31, 2021

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred tax assets				
Write-down of inventories	$ 18,187	$ 14,610	$ -	$ 32,797
Bad debt expense	4,805	830	-	5,635
Exchange differences on translation of the financial statements of foreign operations	110,626	-	15,625	126,251

(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Unrealized exchange gains and losses	$ 2,642	$ 3,687	$ -	$ 6,329
Unrealized gain of patent disposal	8,478	(6,358)	-	2,120
Others	5,056	69,155	-	74,211
	$ 149,794	$ 81,924	$ 15,625	$ 247,343
Deferred tax liabilities				
Investments accounted for using equity method	$ 358,118	$ 38,383	$ -	$ 396,501

e. Income tax returns of the Company through 2020 had been examined and assessed by the tax authorities.

21. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31 2022	2021
Basic earnings per share		
Basic earnings per share	$ 4.94	$ 9.00
Diluted earnings per share		
Diluted earnings per share	$ 4.91	$ 8.93

The net income and weighted average number of ordinary shares outstanding in calculating earnings per share were as follows:

Net Income

	For the Year Ended December 31 2022	2021
Net income in computation of basic earnings per share	$ 1,855,173	$ 3,144,803
Net income in computation of diluted earnings per share	$ 1,855,173	$ 3,144,803

Ordinary Shares

Unit: Thousand Shares

	For the Year Ended December 31	
	2022	**2021**
Weighted average number of ordinary shares in computation of basic earnings per share	375,514	349,533
Effect of potentially dilutive ordinary shares:		
Employees' compensation or bonus to employees	2,204	2,350
Employee share options	-	101
Weighted average number of ordinary shares used in the computation of diluted earnings per share	377,718	351,984

If the Company can settle the compensation to employees in cash or shares, the Company assumes the entire amount of the compensation would be settled in shares and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

22. SHARE-BASED PAYMENT ARRANGEMENTS

a. The Company's share option plan

The Company issued 1,000 units of share options to employees in July 2021. Each unit may subscribe for 1,000 ordinary shares. Employees of the Company and subsidiaries meeting certain criteria are entitled. The duration of share options is 5 years and the certificate holder may exercise certain percentage of the share options upon expiration of 2, 3 and 4 years from the date of issuance, respectively. The exercise price of the share options shall not be lower than 70% of the closing price of the ordinary shares on the date of issuance. In the event of changes in the shares of the Company's shares, the exercise price of the share options shall be adjusted in accordance with the prescribed formula.

The employee stock option compensation cost recognized by the company in the 2022 and 2021 was $16,404 thousand and $7,329 thousand, respectively, and the same amount of the capital reserve - employee stock options.

Information on employee share options is as follows:

	For the Year Ended December 31			
	2022		2021	
	Number of Options (In Thousands of Units)	Weighted-average Exercise Price ($)	Number of Options (In Thousands of Units)	Weighted-average Exercise Price ($)
Balance at January 1	1,000	$ 95.9	-	$ -
Options granted	-	-	1,000	95.9
Options exercised	-	-	-	-
Balance at December 31	1,000	95.9	1,000	95.9
Options exercisable, end of the year	-		-	
Weighted-average fair value of options granted ($)	$ 57.2		$ 57.2	

Information on outstanding options was as follows:

	December 31, 2022
Range of exercise price	$ 95.9
Weighted average remaining contractual life	3.67 years

All outstanding vested share options were measured at their market-based measure at the acquisition date. Options were priced using the Black-Scholes pricing model. The inputs to the model are as follows:

	July 30, 2021
Grant-date share price	$137
Exercise price	$95.9
Expected volatility	36.48%
Expected life	3.5 years/4 years/4.5 years
Risk-free interest rate	0.289%/0.299%/0.308%

b. Capital surplus - Employee share options

The company’s Board of Directors meeting approved the issuance of common stock for cash on May 4, 2021, and reserved 10% of the new share for the subscription of employees in accordance with the Company Act. The stock options were measured at fair value on the date they were granted. In 2021, the Company’s cost of employees’stock options was $6,758 thousand, which was recognized under capital surplus - employee stock options. After receiving full payment, it was transferred to capital surplus - shares issued at a premium. Among them, 374 thousand shares were not exercised, which amounted to $1,234 thousand and was transferred to the Capital surplus - expired employee stock options from the Capital surplus - employee stock option.

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

	Employee Share Options
	August 2022
Grant-date share price	$128.50 per share
Exercise price	$130 per share
Expected volatility	36.36%
Expected life	12 days
Expected dividend yield	3.41%
Risk-free interest rate	0.29%
Fair value of options granted	$3.3 per share

23. CAPITAL RISK MANAGEMENT

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

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

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

Key management personnel of the Company review the capital structure quarterly. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Under the recommendations of the key management personnel, to balance the overall capital structure, the Company may adjust the amount of dividends paid to shareholders and the number of new shares issued and repurchased.

24. DISCLOSURES FOR FINANCIAL INSTRUMENTS

a. Fair values of financial instruments that are measured at fair value

1) Degree of fair value measurements

December 31, 2022

	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets at FVTOCI				
Equity securities	$ -	$ -	$ 2,371	$ 2,371
Financial liabilities at FVTOCI				
Derivatives	$ -	$ 7,681	$ -	$ 7,681

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Equity securities	$ -	$ -	$ 5,304	$ 5,304

There were no transfers between Levels 1 and 2 in the current and prior years.

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

	Financial Assets at FVTOCI
Balance at January 1, 2022	$ 5,304
Recognized in other comprehensive loss	(2,933)
Balance at December 31, 2022	$ 2,371
Balance at January 1, 2021	$ 10,000
Recognized in other comprehensive loss	(4,696)
Balance at December 31, 2021	$ 5,304

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

The financial statements of the Company include non-publicly quoted equity investments measured at fair value. The determination of fair value is based on the income approach, comparative company method assessment. The income approach is based on the discounted cash flow used to capture the present value of the expected future economic benefits. The main assumption of the comparative company method is based on the market multiplier of the market price of listed companies and the net value per share. These values have taken into account the liquidity discounts.

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

	Multiplier	Liquidity Discounts
December 31, 2022	2.83-3.07	25%
December 31, 2021	5.26-5.38	25%

b. Categories of financial instruments

	December 31	
	2022	2021
Financial assets		
Financial assets at amortized cost (1)	$ 1,634,635	$ 2,831,858
Financial assets at FVTOCI	2,371	5,304
Financial liabilities		
Financial liabilities at FVTOCI	7,681	-
Amortized cost (2)	4,170,637	1,670,484
Financial guarantee contracts	36,659	27,774

1) The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, notes receivable, accounts receivable, portion of other receivables, other receivables - related parties and refundable deposits.

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

c. Financial risk management objective and policies

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

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

1) Market risk

a) Foreign currency risk

The Company had foreign currency sales and purchases, which exposed the Company to foreign currency risk. For the years ended December 31, 2022 and 2021 approximately 59% and 65% of the Company's sales and almost 51% and 45% of costs, respectively were denominated in currencies other than the functional currency of the Company. Exchange rate exposures were managed within approved policy parameters utilizing forward foreign exchange contracts.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) and derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 7.

<u>Sensitivity analysis</u>

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

	Currency USD	
	2022	**2021**
Profit or loss	$ 15,677	$ 15,720

b) Interest rate risk

The Company was exposed to fair value interest rate risk because of fixed rate debt investments with short-term bills payable.

The Company was also exposed to cash flow interest rate risk because of demand deposits and floating rate bank borrowings.

The Company reviewed the interest level regularly and maintained the scope of interest rate stably. The Company will adopt hedging strategies in the cost-effective way, if necessary.

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

	December 31	
	2022	**2021**
Fair value interest rate risk		
Financial liabilities	$ 1,799,915	$ -
Cash flow interest rate risk		
Financial assets	343,711	1,050,935
Financial liabilities	1,200,000	-

Sensitivity analysis

The sensitivity analyses have been determined based on the exposure to floating interest rates for financial assets and financial liabilities. A 25 basis points increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. If interest rates had been 25 basis points higher and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2022 and 2021 would have decreased by $2,141 thousand and $2,627 thousand, respectively.

c) Other price risk

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

Sensitivity analysis

Faced with the risk of changes in the price of financial assets available for sale, the Company uses a 10% increase or decrease in market prices as a reasonable risk assessment to report price changes to management. With all other variables remaining constant, if equity prices had been 10% higher, pre-tax profit for the years ended December 31, 2022 and 2021 would have increased by $237 thousand and $530 thousand.

2) Credit risk

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

a) the carrying amount of the respective recognized financial assets as stated in the balance sheets.

b) the amount of contingent liabilities arising from the provision of financial guarantees by the Company.

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

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

The Company's concentration of credit risk of 80% and 72% of total accounts receivable as of December 31, 2022 and 2021, respectively, were related to the Company's ten largest customers. The concentration of credit risk for the remainder of accounts receivable were immaterial.

3) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate banking facilities and reserve borrowing facilities in capital market, and continuously monitoring forecast and actual cash flows as well as matching the maturity profiles of financial assets and liabilities. The detailed information of the Company's unused financing facilities as of December 31, 2022 and 2021 is further stated in (b) financing facilities below.

a) Liquidity risk tables for non-derivative financial liabilities

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

December 31, 2022

	180 Days	**181-270 Days**	**271-360 Days**	**361+ Days**	**Total**
Non-derivative financial liabilities					
Short-term borrowing	$ 1,652,218	$ -	$ -	$ -	$ 1,652,218
Notes payable and accounts payable	377,272	-	-	-	377,272
Accounts payable - related parties	207,976	-	-	-	207,976
Other payables	577,317	-	-	-	577,317
Other payables - related parties	7,257	-	-	-	7,257
Financial guarantee contracts	36,659	-	-	-	36,659
Long-term borrowing	9,086	4,543	4,543	1,215,360	1,233,532
Lease liabilities	15,612	7,513	7,513	150,250	180,888
	$ 2,883,397	$ 12,056	$ 12,056	$ 1,365,610	$ 4,273,119

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

	Less than One Year	1-5 Years	5-10 Years
Lease liabilities	$ 30,638	$ 120,200	$ 30,050

December 31, 2021

	180 Days	181-270 Days	271-360 Days	361+ Days	Total
Non-derivative financial liabilities					
Notes payable and accounts payable	$ 322,408	$ -	$ -	$ -	$ 322,408
Accounts payable - related parties	553,457	-	-	-	553,457
Other payables	783,624	-	-	-	783,624
Other payables - related parties	8,495	-	-	-	8,495
Financial guarantee contracts	27,774	-	-	-	27,774
Lease liabilities	15,408	7,704	7,704	177,422	208,238
	$ 1,711,166	$ 7,704	$ 7,704	$ 177,422	$ 1,903,996

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

	Less than One Year	1-5 Years	5-10 Years
Lease liabilities	$ 30,816	$ 118,477	$ 58,945

b) Financing facilities

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

	December 31	
	2022	2021
Unsecured bank borrowings facility		
Amount used	$ 3,074,154	$ 163,783
Amount unused	7,800,096	9,789,817
	$ 10,874,250	$ 9,953,600

d. Transfers of financial assets

Factored trade receivables for the years ended December 31, 2022 and 2021 were as follows:

Counterparties	Interest Rates on Advances Received (%)	Receivables Sold	Advances Received at Year-end	Amounts Collected	Credit Line
December 31, 2022					
KGI Commercial Bank (Note)	-	$ 1,231	$ -	$ 1,231	$ 9,213

(Continued)

Counterparties	Interest Rates on Advances Received (%)	Receivables Sold	Advances Received at Year-end	Amounts Collected	Credit Line
December 31, 2021					
Taishin Bank (Note)	-	$ 157,074	$ -	$ 157,074	$ 161,344
KGI Commercial Bank (Note)	-	3,325	-	3,325	16,608
		$ 160,399	$ -	$ 160,399	$ 177,952

(Concluded)

Note: No advances received at year-end.

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

Pursuant to the Company's factoring agreements, losses from commercial disputes (such as sales returns and discounts) were borne by the Company, while losses from credit risk were borne by the banks. As of December 31, 2022 and 2021, the Company issued promissory notes with an aggregate amount of $9,300 thousand and $180,344 thousand to the banks as collateral, respectively.

25. TRANSACTIONS WITH RELATED PARTIES

Except as disclosed in other notes, details of transactions between the Company and other related parties are disclosed below.

a. Related party name and category

Related Party Name	Related Party Category
WIN Semiconducter Corp. (Win Corporation)	Related party in substance
ITEQ International	Subsidiary
IPL	Subsidiary
IIL	Subsidiary
ITEQ (WX)	Subsidiary
ITEQ (DG)	Subsidiary
ITEX (JX)	Subsidiary
MGC-ITEQ Technology Co., Ltd. (MGC Corporation)	Joint venture

b. Sales of goods

Related Party Category/Name	For the Year Ended December 31 2022	2021
ITEQ (DG)	$ 11,084	$ 495,621
ITEQ (JX)	210,532	723,857
ITEQ (WX)	116,576	337,691
Others	4,141	2,779
	$ 342,333	$ 1,559,948

The sale price to the related party is based on the Company's purchase cost plus fixed profit.

c. Purchases of goods

Related Party Category/Name	For the Year Ended December 31 2022	2021
ITEQ (DG)	$ 43,085	$ 67,617
ITEQ (WX)	524,443	1,073,281
ITEQ (JX)	44,477	315,694
	$ 612,005	$ 1,461,082

The purchases price to the related party is based on the Company's purchase cost plus fixed profit.

d. Other income

Related Party Category/Name	December 31 2022	2021
ITEQ (WX)	$ 10,597	$ 31,790

The Company sold the patent rights to ITEQ (WX) for $95,371 thousand in April 2019 and adjusted it to realized profits according to the period of use. Amortization is $10,597 and $31,790 thousand in 2022 and 2021. As of December 31, 2022 and 2021, the deferred unrealized profits was $0 thousand and $10,597 thousand.

The other income from related party comes from technical service fees and patent transfer income.

e. Receivables from related parties

Related Party Category/Name	December 31 2022	2021
ITEQ International	$ 184,260	$ 304,480
ITEQ (DG)	2,541	6,369
ITEQ (WX)	42,362	13,015
ITEQ (JX)	227,019	616,072
Others	450	-
	$ 456,632	$ 939,936

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2022 and 2021, no impairment loss was recognized for trade receivables from related parties.

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

Related Party Category/Name	December 31 2022	2021
IPL	$ 11,989	$ 4,341
IIL	195,340	334,184
ITEQ (DG)	96	310
ITEQ (WX)	4,332	159,146
ITEQ (JX)	1,934	63,531
Others	1,542	440
	$ 215,233	$ 561,952

The outstanding trade payables from related parties are unsecured.

g. Lease arrangements

The Company entered into an operating lease agreement with Win Corporation to lease land and plant facility. The lease period is from January 1, 2013 to December 31, 2028 and the rent is payable monthly.

Line Item	December 31 2022	December 31 2021
Right-of-use assets	$ 173,530	$ 198,628
Refundable deposits	$ 103,012	$ 101,891
Lease liabilities - current	$ 27,520	$ 26,566
Lease liabilities - non-current	144,347	168,563
	$ 171,867	$ 195,129
Finance costs	$ 2,964	$ 3,325
Depreciation expense	$ 28,922	$ 28,375
Interest income	$ 1,121	$ 1,109

h. Rental arrangements

Operating rental arrangements

The Company has leased an office space to MGC-ITEQ Technology Co., Ltd. for a period of one year under an operating rental arrangement. The lease term ends on December 31, 2022. The total amount of rent receivable as of December 31, 2022 is $4 thousand, and the total future lease payments to be collected amounted to $30 thousand. The rental income recognized for the 2022 (recorded as other income) is $4 thousand.

i. Compensation of key management personnel

	For the Year Ended December 31 2022	For the Year Ended December 31 2021
Short-term employee benefits	$ 77,567	$ 63,447
Post-employment benefits	696	595
	$ 78,263	$ 64,042

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

26. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Company as of December 31, 2022 and 2021 were as follows:

a. Significant commitments

1) Unused letters of credit amounted to $68,354 thousand.

2) Total contracted construction equipment fees not yet paid were $531,241 thousand.

b. Contingencies

Contingent liabilities

Contingent liabilities incurred by the Company arising from interests in subsidiaries were as follows:

	December 31	
	2022	**2021**
Financial guarantee for subsidiaries loans		
Amount guaranteed	$ 8,767,705	$ 6,195,840
Amount utilized	2,058,846	2,692,046

27. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

	December 31	
	2022	**2021**
Foreign currency asset		
Monetary item		
USD	$ 37,007	$ 55,762
Exchange rate	30.71	27.68
Carrying amount	1,136,485	1,543,492
Foreign currency liabilities		
Monetary item		
USD	5,653	24,322
Exchange rate	30.71	27.68
Carrying amount	173,604	673,233

The significant realized and unrealized foreign exchange losses were as follows:

	For the Year Ended December 31			
	2022		2021	
	Exchange Rate	Net Foreign Exchange (Losses) Gain	Exchange Rate	Net Foreign Exchange (Losses) Gain
USD	30.71 (USD:NTD)	$ 115,420	28.01 (USD:NTD)	$ (33,929)

28. OTHER MATTERS

As of December 31, 2021, the Company evaluated that the overall business and financial aspects were not significantly impacted by the COVID-19 outbreak. In addition to keeping a close eye on its development, the Company will also continue to assess its potential impact of going concern, asset impairment and financing risks.

29. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and b. investees:

1) Financing provided to others. (Table 1)

2) Endorsements/guarantees provided. (Table 2)

3) Marketable securities held (excluding investment in subsidiaries, associates and joint controlled entities). (Table 3)

4) Marketable securities acquired and disposed at costs or prices at least NT$300 million or 20% of the paid-in capital. (None)

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

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

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital. (Table 4)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital. (Table 5)

9) Trading in derivative instruments. (Note 7)

10) Information on investees. (Table 6)

c. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 7)

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

   a) The amount and percentage of purchase: Note 5 and Table 4.

   b) The amount and percentage of sales: Note 5, Tables 4 and 5.

   c) The amount of assets disposed of and related gain or loss: None.

   d) Endorsement/guarantee provided: Table 2.

   e) Financing provided: Table 1.

   f) Other transactions that significantly impacted current year's profit or loss or financial position: None.

d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: Table 8.

ITEQ CORPORATION

FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Financing Company Name	Borrower	Financial Statement Account	Related Parties	Maximum Balance for the Period (In Thousands)	Ending Balance (In Thousands)	Transaction Amounts (In Thousands)	Interest Rate	Type of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Doubtful Accounts	Collateral		Financing Limit for Each Borrowing Company (Notes 1 and 2)	Financing Amount Limits (Notes 1 and 2)
													Item	Value		
0	ITEQ	ITEQ (JX)	Accounts receivable - related parties and other receivables - related parties	Yes	$ 424,747 thousand	$ 115,495 thousand	$ 115,495 thousand	-	Short-term financing	$ -	Operating capital	$ -	-	$ -	$ 3,999,506	$ 3,999,506
1	IIL	ITEQ (WX)	Accounts receivable - related parties and other receivables - related parties	Yes	US$ 11,512 thousand	US$ 11,300 thousand	US$ 11,300 thousand	-	Short-term financing	-	Operating capital	-	-	-	553,885	553,885
2	ITEQ (DG)	ITEQ (JX)	Accounts receivable - related parties and other receivables - related parties	Yes	RMB 200,000 thousand	RMB - thousand	RMB - thousand	1.5	Short-term financing	-	Operating capital	-	-	-	3,999,506	3,999,506
3	ITEQ (WX)	IIL	Accounts receivable - related parties and other receivables - related parties	Yes	RMB 74,410 thousand	RMB 70,786 thousand	RMB 70,786 thousand	-	Short-term financing	-	Operating capital	-	-	-	3,999,506	3,999,506
		ITEQ (JX)	Accounts receivable - related parties and other receivables - related parties	Yes	RMB 150,000 thousand	RMB 150,000 thousand	RMB 130,000 thousand	1.5	Short-term financing	-	Operating capital	-	-	-	3,999,506	3,999,506
		ITEQ (JX)	Accounts receivable - related parties and other receivables - related parties	Yes	RMB 300,000 thousand	RMB 300,000 thousand	RMB 300,000 thousand	1.5	Short-term financing	-	Operating capital	-	-	-	3,999,506	3,999,506
4	ITEQ (JX)	ITEQ	Accounts receivable - related parties and other receivables - related parties	Yes	RMB 1,255 thousand	RMB - thousand	RMB - thousand	-	Short-term financing	-	Operating capital	-	-	-	3,999,506	3,999,506

Note 1: Not exceeding 20% and 40% of the latest net assets of the Company reviewed by auditors.

Note 2: Lower of 600% of the latest net assets of ITEQ subsidiaries audited or reviewed by auditors or 20% of the latest audited or reviewed net assets of the Company.

Note 3: Was eliminated in the consolidated financial statements.

ITEQ CORPORATION

ENDORSEMENT/GUARANTEE PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Notes 1 and 2)	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Property, Plant and Equipment	Ratio of Accumulated Endorsement/ Guarantee to Net Equity of the Latest Financial Statement	Maximum Endorsement/ Guarantee Amount Allowable (Notes 1 and 2)	Endorsement/ Guarantee Provided by Parent	Endorsement/ Guarantee Provided by Subsidiaries	Endorsement/ Guarantee Provided to Subsidiaries in Mainland China
		Name	Relationship										
0	ITEQ	IIL, IPL	Indirect holding 100% by subsidiary	$ 19,997,532	$ 300,000 (Note 3)	$ -	$ -	$ -	-	$ 19,997,532	Y	N	N
		IIL	Indirect holding 100% by subsidiary	19,997,532	965,900 (Note 3)	690,975	90,717	-	3.46%	19,997,532	Y	N	N
		IPL	Indirect holding 100% by subsidiary	19,997,532	3,946,338 (Note 3)	3,623,780	1,386,088	-	18.12%	19,997,532	Y	N	N
		ITEQ (DG)	Indirect holding 100% by subsidiary	19,997,532	2,059,630 (Note 3)	1,535,500	-	-	7.68%	19,997,532	Y	N	Y
		ITEQ (JX)	Indirect holding 100% by subsidiary	19,997,532	3,187,155 (Note 3)	2,917,450	582,041	-	14.59%	19,997,532	Y	N	Y

Note 1: 100% of the latest audited or reviewed equity of the Company.

Note 2: Not exceeding 300% of the latest net assets of ITEQ subsidiaries audited or reviewed by auditors.

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

TABLE 3

ITEQ CORPORATION

MARKETABLE SECURITIES HELD
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company (Note 2)	Financial Statement Account	December 31, 2022				Note
				Shares (Thousands)	Carrying Amount	Percentage of Ownership	Fair Value	
ITEQ Corporation	Shares							
	Bon-In Biologic Technology Company	-	Financial assets at FVTPL - current	100	$ -	5.0	$ -	
	TMY Technology Inc.	-	Financial assets at FVTOCI - non-current	357	2,371	1.0	2,371	
Bon Mou Investment Co.	Shares							
	Mortech Corporation	-	Financial assets at FVTPL - current	381	3,273	1.0	3,273	
	Big Sun Energy Technology Inc.	-	Financial assets at FVTPL - non-current	887	-	0.4	-	
	Ding Mou Corporation	-	Financial assets at FVTPL - non-current	100	-	0.4	-	
	TIEF Fund, L.P.	-	Financial assets at FVTOCI - non-current	-	30,313	4.8	30,313	

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

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

ITEQ CORPORATION

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
ITEQ	ITEQ (WX)	Indirect holding 100 by subsidiary	Sale	$ (116,576)	(6)	-	$ -	-	$ 42,362	5	
ITEQ (WX)	ITEQ	Indirect holding 100 by subsidiary	Purchase	116,576	1	-	-	-	42,362	2	
ITEQ	ITEQ (JX)	Indirect holding 100 by subsidiary	Sale	(210,532)	(11)	-	-	-	226,181	28	
ITEQ (JX)	ITEQ	Indirect holding 100 by subsidiary	Purchase	210,532	3	-	-	-	226,181	8	
IPL	ITEQ (GZ)	Same parent company	Sale	(459,276)	(28)	-	-	-	211,984	36	
ITEQ (GZ)	IPL	Same parent company	Purchase	459,276	8	-	-	-	211,712	27	
IPL	ITEQ (DG)	Same parent company	Sale	(472,244)	(29)	-	-	-	168,402	28	
ITEQ (DG)	IPL	Same parent company	Purchase	472,244	4	-	-	-	168,400	6	
IPL	ITEQ (JX)	Same parent company	Sale	(656,922)	(40)	-	-	-	201,724	34	
ITEQ (JX)	IPL	Same parent company	Purchase	656,922	8	-	-	-	228,342	8	
IIL	ITEQ (WX)	Same parent company	Sale	(400,684)	(37)	-	-	-	433,444	64	
ITEQ (WX)	IIL	Same parent company	Purchase	400,684	4	-	-	-	433,457	16	
	IIL	Same parent company	Sale	(657,750)	(5)	-	-	-	651,239	12	
IIL	ITEQ (WX)	Same parent company	Purchase	657,750	61	-	-	-	651,239	94	
ITEQ (GZ)	ITEQ (DG)	Same parent company	Sale	(1,430,842)	(23)	-	-	-	254,399	12	
ITEQ (DG)	ITEQ (GZ)	Same parent company	Purchase	1,430,842	13	-	-	-	254,400	9	
	ITEQ (GZ)	Same parent company	Sale	(1,794,587)	(15)	-	-	-	21,769	1	
ITEQ (GZ)	ITEQ (DG)	Same parent company	Purchase	1,794,587	32	-	-	-	21,765	3	

(Continued)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
ITEQ (GZ)	ITEQ (JX)	Same parent company	Sale	$ (137,891)	(2)	-	$ -	-	$ 110,555	5	
ITEQ (JX)	ITEQ (GZ)	Same parent company	Purchase	137,891	2	-	-	-	108,414	4	
ITEQ (WX)	ITEQ	Indirect holding 100 by subsidiary	Sale	(524,443)	(4)	-	-	-	4,332	-	
ITEQ	ITEQ (WX)	Indirect holding 100 by subsidiary	Purchase	524,443	25	-	-	-	(4,332)	1	Note 1
ITEQ (WX)	ITEQ (DG)	Same parent company	Sale	(453,702)	(3)	-	-	-	87,104	2	
ITEQ (DG)	ITEQ (WX)	Same parent company	Purchase	453,702	4	-	-	-	81,776	3	
ITEQ (WX)	ITEQ (JX)	Same parent company	Sale	(136,821)	(1)	-	-	-	108,690	2	
ITEQ (JX)	ITEQ (WX)	Same parent company	Purchase	136,821	2	-	-	-	105,825	4	
ITEQ (DG)	ITEQ (WX)	Same parent company	Sale	(123,250)	(1)	-	-	-	10,638	-	
ITEQ (WX)	ITEQ (DG)	Same parent company	Purchase	123,250	1	-	-	-	10,173	-	
ITEQ (DG)	ITEQ (JX)	Same parent company	Sale	(279,516)	(2)	-	-	-	260,387	6	
ITEQ (JX)	ITEQ (DG)	ITEQ (DG)	Purchase	279,516	3	-	-	-	250,142	9	
	ITEQ (GZ)	Same parent company	Sale	(183,883)	(2)	-	-	-	46,333	1	
ITEQ (GZ)	ITEQ (JX)	Same parent company	Purchase	183,883	3	-	-	-	45,651	6	
ITEQ (JX)	ITEQ (WX)	Same parent company	Sale	(2,155,394)	(24)	-	-	-	208,346	7	
ITEQ (WX)	ITEQ (JX)	Same parent company	Purchase	2,155,394	19	-	-	-	193,346	7	
ITEQ (JX)	ITEQ (DG)	Same parent company	Sale	(4,763,586)	(53)	-	-	-	1,570,256	50	
ITEQ (DG)	ITEQ (JX)	Same parent company	Purchase	4,763,586	44	-	-	-	1,510,323	53	

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

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

Note 3: Was eliminated in the consolidated financial statements.

(Concluded)

TABLE 5

ITEQ CORPORATION

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20 OF THE PAID-IN CAPITAL
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance (Note)	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment
					Amount	Actions Taken		
ITEQ	ITEQ (JX)	Indirect holding 100% by subsidiary	$ 226,181	-	$ -	-	$ 74,153	$ -
ITEQ (DG)	ITEQ (JX)	Same parent company	260,387	-	-	-	42,494	-
ITEQ (GZ)	ITEQ (DG)	Same parent company	254,399	-	-	-	146,318	-
	ITEQ (JX)	Same parent company	110,555	-	-	-	47,593	-
ITEQ (WX)	IIL	Same parent company	651,239	-	-	-	97,194	-
	ITEQ (JX)	Same parent company	108,690	-	-	-	36,674	-
ITEQ (JX)	ITEQ (DG)	Same parent company	1,570,156	-	-	-	617,833	-
	ITEQ (WX)	Same parent company	208,346	-	-	-	203,454	-
IPL	ITEQ (GZ)	Same parent company	211,984	-	-	-	77,653	-
	ITEQ (JX)	Same parent company	201,724	-	-	-	169,761	-
	ITEQ (DG)	Same parent company	168,402	-	-	-	81,903	-
IIL	ITEQ (WX)	Same parent company	433,444	-	-	-	42,746	-
	ITEQ	Same parent company	188,659	-	-	-	77,621	-

Note: Was eliminated in the consolidated financial statements.

ITEQ CORPORATION

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless State Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		As of December 31, 2022			Net Income (Loss) of the Investee	Share of Profits	Note
				December 31, 2022	December 31, 2021	Shares (Thousands)	%	Carrying Amount			
ITEQ	ITEQ International	Samoa	Investment	US$ 61,719 thousand	US$ 61,719 thousand	18,500	100	$ 20,669,488	$ 2,037,882	$ 2,037,882	Note
	Bon Mou Investment Co.	Hsin Chu, Taiwan	Investment	70,000	70,000	7,000	100	95,018	119	119	
	MGC-ITEQ Technology Co., Ltd.	Hsin Chu, Taiwan	Electronic parts and components manufacturing	49,000	-	49,000	49	47,602	(2,387)	(1,398)	
ITEQ International	ITEQ Holding	British Cayman Islands	Investment	US$ 61,719 thousand	US$ 61,719 thousand	18,500	100	US$ 663,870 thousand	US$ 69,192 thousand	US$ 69,192 thousand	
ITEQ Holding	ESIC	British Virgin Islands	Investment in PRC	US$ 13,000 thousand	US$ 13,000 thousand	10,750	100	US$ 245,316 thousand	US$ 18,610 thousand	US$ 18,610 thousand	
	IPL	Samoa	Import and export business	US$ 1,000 thousand	US$ 1,000 thousand	1,000	100	US$ 2,316 thousand	US$ 1,138 thousand	US$ 1,138 thousand	
	IIL	Samoa	Import and export business	US$ 1,000 thousand	US$ 1,000 thousand	1,000	100	US$ 2,362 thousand	US$ (643 thousand)	US$ (643 thousand)	
	Eagle Great	British Virgin Islands	Investment in PRC	US$ 8,499 thousand	US$ 8,499 thousand	8,499	100	US$ 15,333 thousand	US$ (2,171 Thousand)	US$ (2,171 Thousand)	
	ITEQ (HK)	Hong Kong	Investment in PRC	US$ 24,200 thousand	US$ 24,200 thousand	24,200	100	US$ 371,235 thousand	US$ 52,265 thousand	US$ 52,265 thousand	

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

ITEQ CORPORATION

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investments	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022	Net Income (Loss) of the Investee (Note 2)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2022	Accumulated Repatriation of Investment Income as of December 31, 2022
					Outward	Inward						
ITEQ (DG)	Produces and sells prepeg and copper clad lamination	US$ 20,000 thousand	Notes 1 and 4	US$ 13,000 thousand	$ -	$ -	US$ 13,000 thousand	US$ 15,253 thousand	100	US$ 15,253 thousand	US$ 149,406 thousand	$ -
ITEQ (WX)	Produces and sells prepeg and copper clad lamination	US$ 41,000 thousand	Notes 1 and 4	US$ 22,100 thousand	-	-	US$ 22,100 thousand	US$ 42,274 thousand	100	US$ 42,274 thousand	US$ 303,961 thousand	US$ 82,231 thousand
ITEQ (HJ)	Produces and sells mass lamination	US$ 8,499 thousand	Notes 1 and 4	US$ 8,286 thousand	-	-	US$ 8,286 thousand	US$ (1,943 Thousand)	100	US$ (1,943 Thousand)	US$ 15,022 thousand	-
ITEQ (GZ)	Produces and sells prepeg and copper clad lamination	US$ 23,700 thousand	Note 1	US$ 16,200 thousand	-	-	US$ 16,200 thousand	US$ 10,027 thousand	100	US$ 10,027 thousand	US$ 93,785 thousand	US$ 26,610 thousand
ITEQ (JX)	Produces and sells prepeg and copper clad lamination	US$ 160,800 thousand	Notes 1 and 4	-	-	-	-	US$ 7,052 thousand	100	US$ 7,052 thousand	US$ 193,416 thousand	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
US$59,586 thousand	US$80,400 thousand	$12,066,592

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

Note 2: Investment income (loss) was based on financial statements audited by the parent company’s auditors.

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

Note 4: ITEQ (JX) was invested by ESIC, ITEQ (DG), ITEQ (WX). Other companies were invested by the Company by incorporating an overseas company and by the overseas company’s own funds.

Note 5: Was eliminated in the consolidated financial statements.

TABLE 8

ITEQ CORPORATION

INFORMATION ON MAJOR SHAREHOLDERS
DECEMBER 31, 2022

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
WIN Semiconductors Corp.	65,408,733	18.02
Tian He Xing Ye Corp.	42,434,591	11.69
Fu Cun Construction Co.	32,967,897	9.08

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary share and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

ITEQ CORPORATION

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

ITEQ CORPORATION

STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Remark	Amount
Cash		$ 74
Checking accounts		721
Demand deposits		56,434
Foreign currency deposits	US$7,265 thousand exchange rate 30.71	223,099
	EUR1,042 thousand exchange rate 32.72	34,100
	HK$122 thousand exchange rate 3.94	481
	JPY6,405 thousand exchange rate 0.23	1,489
	RMB6,352 thousand exchange rate 4.41	28,008
		$ 344,406

STATEMENT 2

ITEQ CORPORATION

STATEMENT OF NOTES RECEIVABLE
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Client's Name	Amount
Non-related party	
Company A	$ 13,401
Company B	9,699
Company C	1,355
Others (Note)	189
	$ 24,644

Note: The amount of each item does not exceed 5% of the account balance.

STATEMENT 3

ITEQ CORPORATION

STATEMENT OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Client's Name	Amount
Non-related party	
Company A	$ 125,794
Company B	99,264
Company C	32,365
Company D	28,898
Company E	25,537
Company F	23,092
Others (Note)	163,711
	498,661
Less: Allowance for uncollectible accounts - accounts receivable	474
	$ 498,187

Note: The amount of each item does not exceed 5% of the account balance.

ITEQ CORPORATION

STATEMENT OF OTHER RECEIVABLES
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Amount
Other receivables - insurance claims	$ 200,000
Other receivables - factored accounts receivable	1,231
Other receivables - others	12,674
	$ 213,905

ITEQ CORPORATION

STATEMENT OF INVENTORIES
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Amount: Book Value	Amount: Net Realizable Value
Finished goods	$ 81,857	$ 54,427
Work in process	2,817	2,817
Raw materials	321,507	155,148
Supplies	2,889	2,889
Good in transit	604	604
	$ 409,674	$ 215,885

ITEQ CORPORATION

STATEMENT OF INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

	Balance, January 1, 2022		Increase (Decrease)						Balance, December 31, 2022				
Name	Share (In Thousands)	Amount	Share (In Thousands)	Amount	Investments Accounted for Using Equity Method	Recognize Subsidiary's Gain on Available for Financial Products	Financial Guarantee Contracts	Cumulative Translation Adjustment	Share (In Thousands)	Percentage of Ownership (%)	Amount	Fair Value	Note
Bon Mou Investment Co.	7,000	$ 89,277	-	$ -	$ 117	$ 5,624	$ -	$ -	7,000	100	$ 95,018	$ 95,018	Note 2
ITEQ International, Ltd.	18,500	18,257,022	-	78,007	2,037,883	-	8,885	287,691	18,500	100	20,669,488	20,387,439	Notes 2, 4 and 5
MGC-ITEQ Technology Co., Ltd.	-	-	4,900	49,000	(1,397)	-	-	-	4,900	49	47,603	47,603	Notes 3 and 6
		$ 18,346,299		$ 127,007	$ 2,036,603	$ 5,624	$ 8,885	$ 287,691			$ 20,812,109	$ 20,530,060	

Note 1: There is no pledge and mortgage in the equity investment.

Note 2: The equity was calculated based on the financial statements which have been audited during the same period.

Note 3: The equity was calculated based on the financial statements which have not been audited during the same period.

Note 4: The difference between the carrying amount and the equity was recognized as $36,659 thousand of financial guarantee contracts of endorsements/guarantees provided for the subsidiaries, $129,139 thousand of the estimated tax of the surplus repatriation and $116,251 thousand of wages and welfarism payable.

Note 5: The amount of changes in the current year due to the amount of realized gross profit of downstream transactions was $10,597 thousand. The amount of share of capital reserve-employee share options of subsidiaries recognized was $16,404 thousand. The amount of employees compensation payable was $51,006 thousand.

Note 6: The amount of changes in the current year due to the acquisition of the joint venture was $49,000 thousand.

ITEQ CORPORATION

STATEMENT OF RIGHT-OF-USE ASSETS
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Balance, January 1, 2022	Increase	Balance, December 31, 2022	Note
Cost				
Buildings	$ 288,801	$ 3,825	$ 292,626	
Depreciation charge for right-of-use assets				
Buildings	$ 88,506	$ 30,099	$ 118,605	
	$ 200,295	$ (26,274)	$ 174,021	

ITEQ CORPORATION

STATEMENT OF SHORT-TERM BORROWINGS
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Loan Type and Creditor	Loan Period	Annual Rate (%)	Balance	Loan Commitments	Mortgage or Guarantee
Short-term debt					
E.SUN Bank	2022/12/30-2023/3/30	1.78	$ 100,000	$ 500,000	NA
Hua Nan Commercial Bank	2022/12/9-2023/1/19	1.50	200,000	300,000	NA
CTBC Bank	2022/11/18-2023/1/16	1.78	100,000	600,000	NA
Bank SinoPac	2022/12/23-2023/1/4	1.85	500,000	1,000,000	NA
Taishin Bank	2022/11/18-2023/1/18	1.75-1.76	300,000	600,000	NA
Citibank	2022/12/16-2023/1/13	1.50	100,000	767,750	NA
Fubon Bank	2022/11/18-2023/2/17	1.73	100,000	460,650	NA
Bank of Shanghai	2022/12/29-2023/3/29	1.54	250,000	307,100	NA
			$ 1,650,000	$ 4,535,500	
Long-term debt (including within one year)					
Agricultural Bank of Taiwan	2022/9/1-2025/9/1	1.23-1.36	$ 500,000	$ 500,000	NA
Bank of China	2022/11/17-2024/5/23	1.76	700,000	767,750	NA
			$ 1,200,000	$ 1,267,750	

Note: The Company has not utilized the credit limit at the amount of $7,800,096 thousand of the loan and performance guarantees for the year ended December 31, 2022.

ITEQ CORPORATION

STATEMENT OF SHORT-TERM BILLS PAYABLE
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Contract Period	Annual Rate (%)	Price			Mortgage or Guarantee
			Issuing Amount	Unamortized Trade Discount Payable on Commercial Paper	Book Value	
Commercial paper						
China Tickets	2022.12.15-2023.01.12	1.89	$ 150,000	$ 85	$ 149,915	-
Less: Commercial paper due within one year				85	149,915	
				$ -	$ -	

STATEMENT 9

ITEQ CORPORATION

STATEMENT OF ACCOUNTS PAYABLE
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Client's Name	Amount
Non-related party	
Company A	$ 69,915
Company B	64,656
Company C	35,189
Company D	31,361
Company E	22,220
Others (Note)	153,931
	$ 377,272

Note: The amount of each item does not exceed 5% of the account balance.

ITEQ CORPORATION

STATEMENT OF OTHER PAYABLES
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Amount
Employees' compensation payable	$ 278,063
Payables on equipment	119,650
Estimated expense payable	88,248
Salaries and wages payable	37,389
Compensation due to directors	19,709
Others	34,258
	$ 577,317

ITEQ CORPORATION

STATEMENT OF OTHER CURRENT LIABILITIES
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Amount
Financial guarantee contracts	$ 36,659
Receipts under custody	14,404
Deferred credits - unrealized gain or loss	5,234
Others	684
	$ 56,981

ITEQ CORPORATION

STATEMENT OF LEASE LIABILITIES
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Summary	Lease Period	Discount Rate	Balance, December 31, 2022	Note
Buildings	Offices	2019/1/1-2023/5/31	3.20%	$ 583	
	Plants	2013/1/9-2028/12/31	1.60%	171,867	
Less: Due within one year				28,103	
				$ 144,347	

ITEQ CORPORATION

STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Quantity (In Thousands)	Amount
Prepreg	9,401	$ 535,813
Copper clad laminate	5,212	1,117,824
Others	4,366	327,075
		1,980,712
Sales returns		(26,161)
Sales discounts		(8,390)
		(34,551)
		$ 1,946,161

ITEQ CORPORATION

STATEMENT OF COST OF GOODS SOLD
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Amount
Direct and indirect material	
Material, beginning	$ 622,227
Material purchased	818,097
Used material	(61,813)
Material, ending	(324,396)
	1,054,115
Direct labor	47,781
Manufacturing overhead	148,475
Manufacturing costs	1,250,371
Work in process, beginning	2,693
Work in process, ending	(2,817)
Finished goods costs	1,250,247
Finished goods, beginning	97,271
Purchased goods costs	612,005
Reclassified to sample expense	(12,964)
Used finished goods	(18,344)
Finished goods, ending	(81,857)
Others	205,621
	2,051,979
Revenue on sells the scraps	(20,890)
Inventory write-downs	29,799
	$ 2,060,888

STATEMENT 15

ITEQ CORPORATION

STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Selling and Marketing Expenses	General and Administrative Expenses	Research and Development Expenses	Amount
Salaries and bonus	$ 9,125	$ 107,954	$ 56,383	$ 173,462
Commission expense	17,553	-	-	17,553
Sample expense	12,964	-	-	12,964
Inspection and test expense	28	4,258	13,084	17,370
Depreciation expense	-	39,535	25,881	65,416
Compensation due to directors	-	19,979	-	19,979
Used material	2,600	20	43,093	45,713
Shipping expenses	10,567	21	327	10,915
Consulting fee	47,192	-	-	47,192
Labor costs	-	20,516	4,777	25,293
Insurance	316	56,623	5	56,944
Pollution prevention fees	-	18,722	38	18,760
Others (Note)	967	59,772	57,961	118,700
	$ 101,312	$ 327.400	$ 201,549	$ 630,261

Note: The amount of each item does not exceed 5% of the amount of account balance.

ITEQ CORPORATION

STATEMENT OF LABOR, DEPRECIATION AND AMORTIZATION BY FUNCTION
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022			2021		
	Classified as Cost of Revenue	Classified as Operating Expenses	Total	Classified as Cost of Revenue	Classified as Operating Expenses	Total
Labor cost						
Salary and bonus	$ 159,265	$ 173,462	$ 332,727	$ 179,177	$ 282,175	$ 461,352
Labor and health insurance	17,485	17,784	35,269	17,934	17,649	35,583
Pension	6,630	6,918	13,548	6,623	7,326	13,949
Remuneration of directors	-	19,979	19,979	-	50,952	50,952
Others	9,631	4,509	14,140	16,017	12,525	28,542
	$ 193,011	$ 222,652	$ 415,663	$ 219,751	$ 370,627	$ 590,378
Depreciation	$ 132,216	$ 65,416	$ 197,632	$ 115,063	$ 57,766	$ 172,829
Amortization	$ 2,940	$ 6,533	$ 9,473	$ 5,812	$ 3,617	$ 9,429

Note 1: As of December 31, 2022 and 2021, the Company had 434 and 453 employees, respectively. There were 6 non-employee directors for 2022 and 2021.

Note 2: Companies whose shares are listed on the Taiwan Stock Exchange or the Taipei Exchange should disclose the following additional information:

a. The average employee welfare expense for the current year is $924 thousand. The average employee welfare expense for the previous year is $1,207 thousand.

b. The average employee salary expenses for the current year is $777 thousand. The average salary of the previous year is $1,032 thousand.

c. Average employee salary expense reduced by (24.71%).

d. The Company has established an audit committee, and the remuneration of independent directors has been incorporated into the remuneration of the directors for disclosure.

e. The Company’s salary and remuneration policy (including directors, managers and employees)

1) Directors: The remuneration of the directors of the Company, according to the Company’s articles of association, the compensation committee makes recommendations to the board of directors for the reference of the board of directors, and authorizes the board of directors to follow the directors’ participation in the Company’s operations, the value of their contributions, and reference to the usual standards of the same trade concerned. If the directors are both employees, remuneration will be paid in accordance with the following regulations for managers and employees.

2) Managers: The remuneration of the Company’s managers is in accordance with the Company’s articles of association, including salary, bonuses and employee remuneration, agreed with the position, the responsibilities and the contribution to the Company, and reference to the usual standards of the same trade concerned, After review by the compensation committee, submit it to the board of directors for approval before implementation.

3) Employees: The salary of the employees is based on the salary payment standards and their academic experience, professional knowledge, technology and professional experience. There is no difference due to their age, gender, race, religion, political slant, and marital status. Bonuses are determined based on the Company’s operational performance and employees’ personal performance. Salary payment standards are determined with reference to the market pay, company operating conditions and organizational structure, and adjusted in a timely manner based on market pay dynamics, changes in the overall economic and prosperity, and government regulations.

4) Employee remuneration and remuneration of directors: According to the Company’s articles of association, the Company shall allocate at least 2% and no more than 2% of the pre-tax benefits of the current year before deducting the remuneration of employees and directors, respectively.