Stock Code: 6213

Innovation, Teamwork, Excellence, Quality

ITEQ Corporation

Annual Report 2022

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Designated website by FSC：https://sii.twse.com.tw
Company website:https://www.iteq.com.tw

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Chapter I. Letter to Shareholders

Ladies and Gentlemen,

I. 2022 Business Results

(I) Implementation and Results of the Business Plan

Unit: NT$ thousand

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

(II) Budget Execution Status

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

(III) Analysis of Financial Income and Expenditure and Profitability

Item		2021	2022
Financial Structure	Debt ratio (%)	41.18	39.76
	Long-term Capital to Property, Plant and Equipment Ratio (%)	322.38	328.23
Solvency	Current Ratio (%)	170.88	197.27
	Quick Ratio (%)	134.00	171.01
Operating Ability	Average Collection Days	136.00	159.00
	Average Inventory Turnover Days	62.00	62.00
Profitability	Return on Assets (ROA) (%)	10.37	5.57
	Return on Equity (%)	18.12	8.96
	Net Profit Before Tax to Paid-in Capital Ratio (%)	99.61	63.79
	Net Profit Margin (%)	9.67	6.37
	Earnings Per Share After Tax (NT$)	9.00	4.94

(IV) Research and Development Status

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

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

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

II. Summary of 2022 Business Plan

(I) Management Principles

1. Focusing on our existing business of "High-end Electronic Materials" and extending to integrate high-density interconnect copper clad laminates and carrier board's copper clad laminates: The Corporation will strive to become a leading manufacturer of halogen-free and environmentally friendly materials, high-speed, high-frequency, and low-loss materials, and materials for high density interconnect boards and carrier boards, the product applications of which include 5G infrastructure, network communications, data center, automotive electronics, smartphones, consumer electronics, and other related products, and continue to increase its market share in the high-end electronic copper clad laminate market.

2. Quality as the basis for sustainable business development: The Corporation will strengthen and improve its quality control system of the supply chain, including raw material supplier management, controlling the factory's manufacturing processes and center of the quality control group, continuously improving yield, and quality and reliability monitoring of output, in order to comply with international regulations and customers' incoming material regulations and standards. The Corporation established a comprehensive manufacturing and quality assurance system and capabilities for the Group and enhanced its capabilities of manufacturing high-end products. At the same time, we reduced the production costs of mature products and minimized quality anomalies, aiming to strengthen the company's manufacturing quality and increase stable profitability.

3. Facing the impact of geoeconomics, the division of technologies, and the post-pandemic era, the global mainstream hardware markets are still expected to develop towards high-end in the next few years. The development will be led by high-speed computing and automotive electronics. For high-speed computing, the generation of the processor chip will be upgraded, and the bandwidth and speed will be increased, while for automotive electronics, electric vehicle policies are promoted around the world,

which will significantly stimulate the growth of electronic components. Both will accelerate the growth of high-end electronic materials. ITEQ Corporation will continue to research and develop high-end materials, position itself globally based on geoeconomic strategies, and employ economies of scale to meet the enormous demand for high-end electronic materials.

(II) Important Production and Sales Policy

1. Enhance the structure analysis of key product markets, to comprehend the changing trend of end markets, seize the market opportunities and adjust countermeasures.
2. Targeting at niche market, we will continue to develop halogen-free materials, improve the overall market share of halogen-free materials and develop eco-friendly materials with excellent features at a competitive price and promote application usage in various areas in the market.
3. Continue to strengthen the efforts to promote infrastructure with high-speed transmission and networking related high-end products to obtain end-customers' certifications and mass production orders.
4. Increase new production capacity, actively expand and increase the market share of high-density interconnect materials and promote the newly developed high-density interconnect materials to meet the demand for next generation products.
5. Meet customers' needs for low-loss and high-density interconnect materials for advanced driver assistance systems (ADAS) and high-voltage and heat-resistant materials for electric vehicle charging, and accelerate the certification of material-compatible products to meet the new demand for automotive electronics products in the future.

III. Future Development Strategies of the Company

(I) Continuously focus on the development of 5G infrastructure and networking equipment, such as high-speed/high-frequency, low dielectric constant halogen-free materials, and aggresively expand the development of eco-friendly products applied for 5G infrastructure, data center and cloud equipment.

(II) Promote and expand the market share of high-density interconnect materials to enter the new generation of high-density interconnect applications with high specifications.

(III) Accelerate completion of certification of ultra-low loss and high frequency laminate materials for 5G millimeter wave and base station equipment.

(IV) Actively promote niche products such as automotive electronic materials, high-frequency materials and high-voltage resistant materials for autonomous driving electronics, vehicle networking, and high-voltage charging applications.

(V) Expand the Group's electronic materials capabilities to the packaging and semiconductor markets and launch semiconductor grade composites to expand into niche markets.

IV. Impact of External Competition, Legal Environment and Overall Business Environment

The war, inflation, and the US-China competition are so chaotic and unclear that most of the major research institutions are predicting a slowdown in global economic growth in 2023, and even a possible recession in Europe and the US. The consumption of various electronic products is poor. Although the Chinese economy is expected to rebound from the opening of epidemic prevention and control measures since beginning of this year, the extent of the rebound still needs to be closely monitored to determine the timing of the impact on the economy after the recent major opening of epidemic prevention and control

policies. In addition, crises related to various natural resources and other energies, as well as inflationary pressure will also continue to affect the uncertainty of global economic development.

High-speed network and other infrastructure products have always been the important growth drivers with high speed and quality requirements for data transmission, so the trend of upgrading product specifications for major companies remains unchanged. The trend towards the electronicization of automobiles and high-frequency and high-speed transmission of various electronic products has been established, which continues to expand the demand for material upgrades. Applications such as hyperscale data centers and high-end automotive computing will be the driving force behind the recovery of the electronics industry.

In the future, the dramatic increase in global data traffic is driving equipment upgrades to meet the demand for low latency, high reliability and high-speed computing processing. With the accelerating demand for higher-grade materials for higher speeds and lower losses, ITEQ Corporation will continue to benefit from this opportunity and leverage its leading position to accelerate its operational development plan.

In an era of increasing market competition and rapidly changing industries, the only way to consolidate the Company's competitiveness in the industry is to continue to work on technology development and patent layout, create incentives, and take an active role in retaining talents. Sincerely thank all shareholders for your continued support and encouragement, the Company will do its best to maximize profits for you all.

We wish you all

good health and all the best.

Chairman

Chin-Tsai Chen

March 7, 2023

Chapter II. Company Profile

I. Date of Incorporation

Approved for establishment on April 10, 1997.

II. Company History

ITEQ was established and led by the senior technical team formed by experts including Dr. Hai-Wei Wan and Dr. Chi-Tsu Kao. The Company invited Sunsino Venture Group, Pacific Tone Invest. Ltd. and major shareholders to invest in the building of factories. Key milestones of the Company are as follows:

1997:

- ITEQ was established with a registered capital of 220,000 (thousand NTD). Main products include multi-layer printed circuit board basal materials and copper foil laminate.
- Processed cash capital increase of NT$100,000,000 with the total capital increased to NT$320,000,000.
- Permitted to re-launch public offering in October of the same year.

1998:

- Official mass production and sales.
- Granted the aid for the Leading New Product Development Program from Industrial Development Bureau, Ministry of Economic Affairs
- Received BSI ISO-9002 verification.

1999:

- Processed cash capital increase of NT$130,000,000 with the total capital increased to NT$450,000,000.
- Granted the aid for the Industrial Technology Program from Industrial Development Bureau, Ministry of Economic Affairs
- Applied to Taiwan, Japan and the United States for patent review of "Used in the Synthesis of Epoxy Hardener".
- Completed the high Tg (180℃) product formulation and passed the UL94V certification for the Leading New Product Development Program.

2000:

- Received BSI QS-9000 verification.
- The overflow of the hot kerosene storage tank caused the electric wire to catch a fire, resulting in damage to some of the plant, machinery, equipment and raw materials; After nearly half a year of reconstruction, it was fully put into mass production in September of the same year, and its production capacity and revenue had surpassed the level before the fire.
- Purchased the land and buildings at Lot 331, Shanzai Ding Section, Taoyuan from

Kingtel Electronics Co., Ltd. for post-disaster reconstruction and future operation expansion.

- Obtained UL certification for High Tg, Low DK and Green Laminate.

2001

- Processed cash capital increase of NT$174,500,000 with the total capital increased to NT$624,500,000.
- Processed surplus transfer into capital increase and capital surplus transfer into capital increase of NT$86,940,000 with the total capital increased to NT$711,440,000.
- Granted the aid for the Leading New Product Development Program from Industrial Development Bureau, Ministry of Economic Affairs to research and develop third-generation communication laminate film.
- Released the new-generation Laser Drillabe Prepreg and high frequency communication materials by stacking method.

2002:

- Processed cash capital increase of NT$100,000,000 with the total capital increased to NT$811,440,000.
- Signed a "shareholder agreement" with overseas investment and development company, etc., to jointly invest and set up "ITEQ (Dongguan) Corporation" in Guangdong Province, mainland China, to engage in the R&D, manufacturing, sales and related businesses of copper clad laminates, films and multi-layer printed circuit board (PCB) laminates.

2003:

- ITEQ (Dongguan) Corporation started mass production.
- Processed surplus transfer into capital increase of NT$24,343,000 with the total capital increased to NT$835,783,000.
- Issued the first domestic secured corporate bonds in the amount of NT$100,000,000 to repay the bank loans.
- Issued the first domestic unsecured convertible corporate bonds in the amount of NT$200,000,000 to purchase machinery and equipment and repay the bank loans; and were fully converted into capital stock in January, 2004.
- Replaced the CPAs with CPA Yang, Ming-Che, Zhang, Jih-Yen of Deloitte & Touche.
- Established ITEQ (Wuxi) Corporation to engage in the manufacturing and sales and related businesses of copper clad laminates, films and multilayer printed circuit board laminates.

2004:

- Processed cash capital increase of NT$100,000,000 to set up the R&D center, purchase machinery and equipment and repay the bank loans, with the total capital increased to NT$1,125,306,000.
- Issued the second domestic unsecured convertible corporate bonds in the amount of NT$500,000,000 to purchase machinery and equipment and repay the bank loans.

- Signed a 5-year NT$2 billion syndicated loan agreement with 14 banks including Taishin International Bank.
- The total capital was increased to NT$ 1,517,966,000.

2005:

- Established ITEQ (Huangjiang) Corporation in Huangjiang Town, Dongguan City with Global Brands Manufacture Ltd. (GBM) as a joint venture, to engage in OEM business of multilayer laminate boards, with a capital of US$6 million, of which ITEQ held 60% and GBM held 40%.
- Issued new shares to complete cash capital increase in the amount of NT$80,000,000 and issued the third domestic unsecured convertible corporate bonds of NT$200,000,000 to repay the bank loans and research and develop new products.
- Obtained ISO14001 and OHSAS18001 certification.
- Obtained Sony Green Partner certification.
- Gained the UN's RoHS quality verification of Hitachi Chemical, Unimicron Corporation, & Tripod Corporation
- Signed a 3-year NT $1.3 billion syndicated loan agreement with 13 banks including Taishin International Bank, to replace the NT $1.3 billion line of credit in item B of the previous NT $2 billion syndicated loan agreement.
- Processed surplus transfer into capital increase with the paid-up capital of NT$1,829,313,000.

2006:

- Established ITEQ (Guangzhou) Corporation, to engage in the manufacturing, processing, trading and other businesses of CCL & FPC semi-finished products and finished products, with an initial capital of US$3 million.
- Established the Heat Dissipation Materials Division and the Photovoltaic Films Division.
- Processed surplus transfer into capital increase with the paid-up capital of NT$2,213,351,000.
- Issued new shares to complete cash capital increase of NT$120,000,000 and issued the fourth domestic unsecured convertible corporate bonds in the amount of NT$100,000,000, to build ERP system, purchase RTO equipment and R&D equipment, and repay the bank loans, with the total capital increased to NT$2,334,410,000.
- Lead-free materials passed the certifications of Garmin, Alcatel, Siemens.
- Passed the certifications of Motorola, NOKIA, TOSHIBA, NEC and a number of other mobile phone manufacturers.
- Mitsubishi Halogen free usage verification
- SONY ~ PS3, PSP designated materials, Microsoft ~ X-Box designated materials.
- Consolidated revenue for 2006 reached NT$11 billion.

2007:

- Formally implemented the DigiwinSoft ERP system to improve the efficiency of order processing, shorten the financial settlement time and integrate the information from

multiple locations on both sides of the Taiwan Strait to strengthen the integration and standardization of operations.

- ITEQ (Guangzhou) Corporation resolved to change into a flexible PCB and PCB manufacturer, and smoothly enter the field of flexible copper foil laminate (FCCL), paving the way for the trend of rigid-flex ones.
- Replaced the CPAs with CPA Yang, Ming-Che and Wu, Yi-Chun due to internal rotation in Deloitte & Touche.
- Obtained Taiwan patents for Integrated Optoelectronic Component-1 and Modified Clay Resin Material, and successively filed 10 cases (22) patent applications at home and abroad for optical products, IC packaging and halogen-free laminate materials, LED lighting modules, and algae inhibitors.
- Replaced the CPAs with CPA Wu, Yi-Chun and Wu,Mei-Hui due to internal rotation in Deloitte & Touche.
- The Company's three subsidiaries International Partners Ltd, Inspire Investments Limited and Shining Era Investments Limited, signed a three-year syndicated loan agreement with six banks, including Bank of Taiwan, for a total amount of US$30 million.
- Processed surplus transfer into capital increase with the paid-up capital of NT$2,749,781,000.
- Consolidated revenue for 2007 reached NT$13.7 billion.

2008:

-
- Lead-free materials were certified by CISCO and IBM, and halogen-free materials were certified by Apple.
- Halogen-free materials were certified and used for Sony-Ericsson, Apple~I-phone products and many other brands.
- The chairman of the board of directors of ITEQ was changed from Mr. Wan, Hai-Wei to Mr. Tsai, Mou-Chen, and Mr. Wan, Hai-Wei remained as a director and was appointed by the Board of Directors as a senior advisor to the chairman.
- Issued the fifth domestic unsecured convertible corporate bonds in the amount of NT$300,000,000 to repay the bank loans and be used for long-term equity investment in ITEQ (Dongguan) Corporation.
- Consolidated revenue for 2008 reached NT$13.8 billion.

2009:

- Completed the re-election of the 5th Board of Directors and unanimously elected Director Tsai, Mou-Chen as the Chairman of the Board for another term.
- Replaced the CPAs with CPA Yang, Ming-Che and Wu, Yi-Chun due to internal rotation in Deloitte & Touche.
- With global financial crisis, consolidated revenue for 2009 still reached NT$12.28 billion.

2010:

- Signed a syndicated loan extension of US$30 million with six banks, including Bank of

Taiwan for its offshore (OBU) [subsidiaries International Partners Ltd, Inspire Investments Limited, and Shining Era Investments Limited].

- Expansion projects of the Wuxi, Guangzhou and ITEQ (Huangjiang) plants in mainland China.
- Newly established ITEQ (Xiantao) Corporation, to engage in the manufacturing, processing and trading of semi-finished and finished products of CCL and flexible PCB, as well as the import and export trade of related products, with an initial capital of US$6 million.
- On December 10, the gas explosion caused by the temporary storage tank of acetone in the second plant in Pingzhen District, Taoyuan City, resulting in damage to part of the plant, machinery and equipment, raw materials and finished products, which affected about 4% of the Group's overall production capacity. It was affected limitedly under inter-group production and sales regulation and covered by fire insurance and business interruption insurance.
- Consolidated revenue for 2010 was nearly NT$ 20.00 billion.

2011:

- Signed a NT$1.3 billion syndicated loan extension agreement with five banks, including Hua Nan Bank, to stabilize the Company's future medium- and long-term funding sources.
- Processed surplus transfer into capital increase with the paid-up capital of NT$3,028,774,000.
- Obtained 11 patents in Taiwan, China and the U.S. for Heat Dissipation Laminates and LED Heat Dissipation Laminates for Integrated Backlight Modules, and successively filed 8 patent applications at home and abroad for heat dissipation laminate products and laminate material improvement.
- Consolidated revenue for 2011 was NT$ 20.02 billion.

2012:

- Completed the re-election of the 6th Board of Directors and unanimously elected Director Tsai, Mou-Chen as the Chairman of the Board for another term.
- Processed surplus transfer into capital increase with the paid-up capital of NT$3,323,652,000.
- Replaced the CPAs with CPA Chen, Li-Chi and Huang, Jui-Chan due to internal rotation in Deloitte & Touche.
- Obtained 16 patents in Taiwan, China, and the U.S. for Halogen-free Resin Glue and Films Made Thereof and "A Thermosetting Resin Compound", and successively filed 12 patent applications at home and aboard for ultra-low dielectric copper clad laminate products and laminate material improvement.
- Consolidated revenue for 2012 reached NT$ 19.32 billion.

2013:

- Entered into an 11-year lease agreement on January 9, 2011 with WIN Semiconductors Corp. to lease its plant and land in Hsinpu Town, Hsinchu County, for the intended

expansion of the Hsinpu Plant.

- Signed a five-year syndicated credit granting agreement for a total amount of NT$2 billion on April 8 with five banks, including First Bank, to purchase machinery and equipment for the new plant and stabilize the Company's medium- and long-term funding sources.
- Obtained SA 8000 certification for Dongguan plant.
- Obtained 8 patents in Taiwan and China for Halogen-free Epoxy Resin Composition and Films and Laminates Made Thereof and Epoxy Resin Composition and Films and Laminates Made Thereof, and successively filed 9 patent applications in Taiwan and aboard for electromagnetic wave shielding film, resin and filler powder and other raw material improvement.
- Consolidated revenue for 2013 reached NT$ 19.73 billion.

2014:

- The Hsinpu plant was opened at the end of August and obtained ISO 14001, OHSAS 18001 certification and ISO TS16949 compliance certification.
- Obtained 15 patents in Taiwan, China and the U.S. for Prepreg Composition and Films and Laminates Made Thereof and Electromagnetic Interference Shielding Films, and successively filed 7 domestic and foreign patent applications for electromagnetic wave shielding films and manufacturing equipment improvement.
- Consolidated revenue for 2014 reached NT$ 20.15 billion.

2015:

- Completed the re-election of the 7th Board of Directors and unanimously elected Director Tsai, Mou-Chen as the Chairman of the Board for another term.
- Replaced the CPAs with CPA Huang, Jui-Chan and Weng, Po-Jen due to internal rotation in Deloitte & Touche.
- The Hsinpu plant officially obtained ISO TS16949 certification.
- Granted the aid for the A+ Enterprise Innovation and R&D Hardening Program-Forward-Looking Technology R&D Program under the Technology Research and Development Program from the Ministry of Economic Affairs (MOEA), to develop Low Dielectric and High Thermal Conductivity Laminate Materials for the grant period from 2015 to 2018.
- Obtained 6 patents in Taiwan, China and the United States, including Polyimide Resin Containing Maleic Anhydride and Its Manufacturing Method and Epoxy Resin Composition and Films and Laminates Made Thereof, and successively filed 6 domestic and foreign patent applications for ultra-low dielectric copper clad laminate products and laminate material improvement.
- Consolidated revenue for 2015 reached NT$ 19.08 billion.

2016:

- Obtained seven patents in China and the United States, including A Low Dielectric Material (CIP) and A Device to Improve the Impregnation of Semi-cured Sheets, and successively filed seven domestic and foreign patent applications, including Halogen-

free Epoxy Resin Composition with Low Dielectric Loss and Heat Dissipation Laminate with Modified Inorganic Filler.

- Consolidated revenue for 2016 reached NT$ 19.68 billion.

2017:

- Obtained 8 patents in Taiwan, the U.S. and China, including An Electromagnetic Interference Shielding Film and Polyimide Resin Containing Maleic Anhydride and Its Manufacturing Method, and successively filed 11 domestic and foreign patent applications, including Resin Composition, Films, and Copper clad laminates and Laminate Reinforcement Structure.
- Consolidated revenue for 2017 reached NT$ 21.21 billion.

2018:

- Newly established ITEQ (Jiangxi) Corporation, to engage in the manufacturing, processing and trading of semi-finished and finished products of copper clad laminates and films.
- Completed the re-election of the 8th Board of Directors and unanimously elected Director Tsai, Mou-Chen as the Chairman of the Board for another term.
- Obtained 8 patents in Taiwan, the U.S. and China, including An Electromagnetic Interference Shielding Film and Polyimide Resin Containing Maleic Anhydride and Its Manufacturing Method, and successively filed 11 domestic and foreign patent applications, including Resin Composition, Films, and Copper clad laminates and Laminate Reinforcement Structure.
- The fire arising from the leakage of heat medium oil caused by the failure of the heat medium pump in the heat exchanger with damaged seals on June 8 in the second plant in Wuxi, caused damage to part of the plant, machinery and equipment, raw materials and finished products. It was affected limitedly under inter-group production and sales regulation and covered by fire insurance and business interruption insurance.
- Both Wuxi and Dongguan plants were recognized as high-tech enterprises by the local government in November and were listed as high-tech enterprises, so the income tax rate of 15% was applied from 2018 to 2020.
- Consolidated revenue for 2018 reached NT$ 22.402 billion.

2019:

- Replaced the CPAs with CPA Yang, Cheng-Hsiu and Weng, Po-Jen due to internal rotation in Deloitte & Touche.
- Chairman Tsai, Mou-Chen resigned as Chairman of the Board due to personal health reasons, and Director Chin-Tsai Chen was elected as Chairman by unanimous approval of all the Directors.
- Obtained 15 patents in Taiwan and China for Halogen-free Epoxy Resin Compositions, Laminates and Printed Circuit Boards and Resin Compositions, Films, and Copper clad laminates, and successively filed 25 domestic and foreign patent applications for Prepreg, Laminates and Printed Circuit Boards and Multi-layer Structures and Methods of

Manufacturing Laminates.

- The Jiangxi plant was opened in October, and obtained GBT19001-2016/ISO 9002:2015 certification in January, 2020.
- Consolidated revenue for 2019 reached NT$23.8 billion.

2020:

- On March 31, The Company completed the issuance of 30,000,000 shares for cash capital increase and received a full payment of NT$3.3 billion.
- Signed an agreement of establishing a joint venture with Mitsubishi Gas Chemical on October 23 on IC carrier laminated materials for semiconductor applications.
- The Hsinpu plant received ISO 50001 Energy Management System certification in November.
- Obtained 16 patents in Taiwan, China and the U.S. for Halogen-free and High Heat-resistant Resin Composition for Laminates and Laminates and Printed Circuit Boards, and successively filed 18 domestic and foreign patent applications for Resin Composition, Prepreg and Printed Circuit Boards and Halogen-free Resin Composition, Laminates and Printed Circuit Boards with Low Expansion Coefficient and Low Dielectric Loss and High Rigidity.
- Consolidated revenue for 2020 reached NT$25.4 billion.

2021:

- A fire broke out on the night of April 13 in the front section of the first floor of Hsinpu plant caused by static electricity in the production process, resulted in damage to part of the plant, machinery and equipment, raw materials and finished products. The loss of production capacity during the shutdown period was handled by the inter-group production and sales regulation, and the plant had sufficient insurance (including fire insurance and business interruption insurance), with limited financial and business impact.
- Completed the re-election of the 5th Board of Directors and unanimously elected Director Chen, Chin-Tsai as the Chairman of the Board for another term.
- On September 2, The Company completed the issuance of 50,000,000 shares for cash capital increase and received a full payment of NT$6.5 billion.
- Obtained 19 patents in Taiwan, China and the U.S. including "Halogen-free low dielectric epoxy resin composition, laminates and printed circuit boards" and "Thermal conductive resin, resin composition, prepreg and copper clad laminate".
- Consolidated revenue for 2021 reached NT$32.5 billion.

2022:

- Celebrated the 25th anniversary of the founding of the Corporation by holding a cross-plant celebration at the Hsinpu plant in Taiwan.
- MGC-ITEQ Technology Co., Ltd. was established as a joint venture with Mitsubishi Gas Chemical Corporation to develop substrate materials for semiconductor packaging carrier board.

- Replaced the CPAs with CPA Cheng-Hsiu Yang and Kuan-Hao Li due to internal rotation in Deloitte & Touche.
- Obtained 15 patents in Taiwan, Mainland China and the U.S. for "halogen-free resin composition, laminates and printed circuit boards with low expansion coefficient, low dielectric loss and high rigidity" and "resin composition, prepreg, and printed circuit board" with low expansion coefficient and low dielectric loss, and applied for about 30 patents both at home and abroad for “toughened resin composition” and “Thermoset resin composition, prepregs, laminates and printed circuit boards”.
- Consolidated revenue for 2022 reached NT$ 29.1 billion.

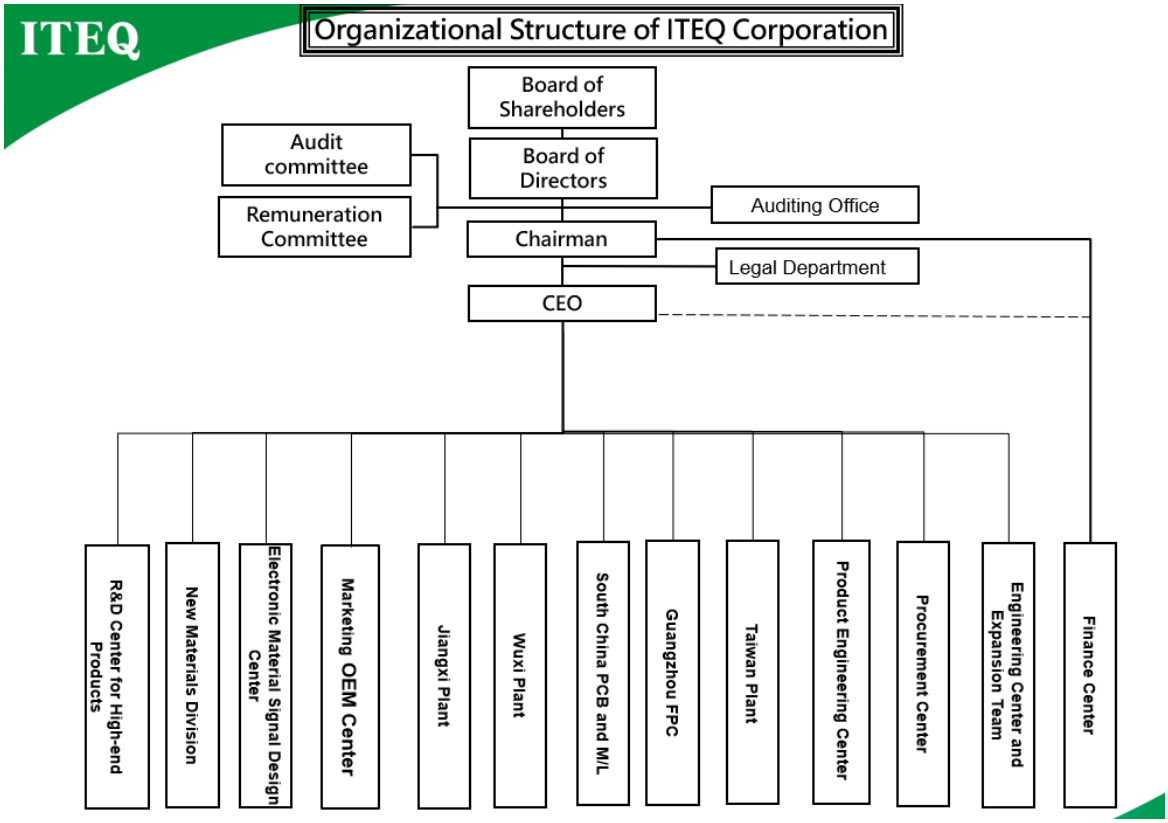
2023:

- For the development and management of the Company in the future, since the first quarter of 2023, the CPA firm has been changed from Deloitte Taiwan to KPMG Taiwan, and CPA Chia-Chien Tang and CPA Ya-Lin Chen have been appointed as the financial CPAs of the Company in 2023.
- The Board of Directors resolved to invest in a new factory in Thailand.

Chapter III. Corporate Governance Report

I. Organizational System

(I) Organizational Structure



(II) Department Functions

Department	Main Duties
Auditing Office	Audit and evaluate the operation of each department as well as the implementation, proposal and improvement of internal control.
Legal Department	Comprehensive management of the legal and intellectual property matters in the group.
Finance Center	Comprehensive management of the finance, taxation, accounting, stock affairs, capital management and control in the group.
Procurement Center	Purchase, import & export bonded business of raw materials and production equipment.
Each operation center	Responsible for domestic and overseas sales, material management, product engineering, customer service, quality assurance, equipment, etc.
Marketing OEM Center	Service of global market customers, promotion of OEM/ODM technologies and advanced materials. Marketing and customer development, delivery time confirmation and customer management.
Electronic Material Signal Design Center	Analysis of wafer and material trend correlation, collection of electrical performance of own and competitor materials, and assistance in electrical simulation and testing for customers.
New Materials Division	New product feature/specification formulation, promotion and pricing strategy, product development and mass production timing/cost/quality coordination; project product technology transfer/cooperation case management.
R&D Center for High-end Products	Development and research of copper clad laminate (including FCCL), evaluation of new raw materials and formulation of SOP, application and implementation of project planning.

II. Information of Directors, General Manager, Deputy General Manager, Assistant Manager, and Managers of Departments and Branches

(I). Directors

1. Members of the Board of Director

Unit: Share, %; April 1, 2023

Title	Nationality or registration place	Name	Gender Age	Date elected (appointed)	Term of office	Date first election	Shareholding while elected		Number of shares currently held		Shares held by spouse and underage children		Shares held in the name of other persons		Education and work experience	Titles currently held at the Company and other companies	Executives, Directors or Supervisors who Are Spouses or within the Second Degree of Kinship			Note
							Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Title	Name	Relationship	
Chairman	ROC	Chin-Tsai Chen	Male Over 70	2012.06.06	3 years	2022.06.06	1,354,419	0.37	4,411,132	1.22	–	–	–	–	Master Degree in Public Administration, University of San Francisco, USA Master, Institute of Accounting, Tamkang University	(Note 1)	–	–	–	–
Directors	ROC	Hsin-Hui Tsai	Female 50-59 years old	2015.06.18	3 years	2015.06.18	505,600	0.14	767,386	0.21	117,614	0.03	–	–	Master of Finance, EMBA, National Taiwan University Bachelor, Department of Finance and Taxation, National Chengchi University Director of Accounting Office of EnTie Commercial Bank, Director of Secretarial Office of the Board of Directors	(Note 2)	–	–	–	–
Directors	ROC	WIN Semiconductors Corp.	Not applicable	2021.07.02	3 years	2021.07.02	33,538,011	9.24	65,408,733	18.02	–	–	20,932,496	5.77	Not applicable	Director of the Board, Grand Fortune Venture Capital Co., Ltd.	–	–	–	–
	ROC	Representative: Ching-Chou Tseng	Male 50-59 years old			2021.07.02	–	–	–	–	–	–	–	–	M.B.A., City University of New York, Berkshire College, USA Business Manager, Canadian Imperial Bank of Commerce (Vancouver)	Financial Assistant Manager and Spokesperson, WIN Semiconductors Corp.	–	–	–	–
Independent Director	ROC	Zhao-Rong Yang	Male 60-69 years old	2021.07.02	3 years	2019.11.11	–	–	–	–	–	–	–	–	Bachelor, Accounting, National Chengchi University Accounting Department, National Chengchi University Chairman, Hua Nan Securities Co., Ltd. Deputy General Manager & Listing Scrutiny Member & Convener of Surveillance Report, Taiwan Stock Exchange Corporation General Secretary of OTC	Independent Director, Jing-Jan Retail Business Co., Ltd. Independent Director, Tigerair Taiwan Co., Ltd. Director, Securities Analysts Association, Chinese Taipei	–	–	–	–
Independent Director	ROC	Po-Chiao Chou	Male Over 70	2018.06.15	3 years	2013.09.09	2,158	–	2,417	–	–	–	–	–	Bachelor, Department of Accounting, National Cheng Kung University Passed the Civil Service Special Examination of Auditing Officers Managing Director and General Manager, First Bank Director and Deputy General Manager, First Financial Holding Chairman, First Commercial Bank USA	Independent Director, Convener of Audit Committee and member of the Remuneration Committee, Clevo Co.	–	–	–	–

Title	Nationality or registration place	Name	Gender Age	Date elected (appointed)	Term of office	Date first election	Shareholding while elected		Number of shares currently held		Shares held by spouse and underage children		Shares held in the name of other persons		Education and work experience	Titles currently held at the Company and other companies	Executives, Directors or Supervisors who Are Spouses or within the Second Degree of Kinship			Note
							Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Title	Name	Relationship	
															Chairman, First Venture Capital Vice Chairman, IBF Financial Holding Director, Taipei Financial Center, Corp.					
Independent Director	ROC	Xiu-Zong Liang	Male 60-69 years old	2012.06.06	3 years	2009.06.16	-	—	-	—	—	—	—	—	Master, Department of Information & Computer Engineering, Chung Yuan Christian University Manager, Acer Inc. Electronic & Optoelectronic System Research Laboratories, ITRI	Chairman and CEO, Stark Technology Inc. Director of S-Rain Investment Ltd. Principal of Stark Technology Inc. (USA) Director of Stark Information (HK) Co., Ltd. Director, National Information Infrastructure Enterprise Promotion Association	—	—	—	—
Independent Director	ROC	Hui-Fen Chan	Female 50-59 years old	2012.06.06	3 years	2009.06.16	216	—	216	—	—	—	—	—	LLM, Boston University, USA Bachelor in Law, NTU Partner Attorney at Law, hl-partners, Attorneys-at-Law Attorney, Lee and Li, Attorneys-at-Law Head of Legal Affairs, Siliconware Precision Industries Co., Ltd. Attorney in Taiwan and the State of New York Chief Legal Officer of Altek Corporation	Independent Director and Member of Audit Committee, Chipmos Technology Inc. Independent Director, Formosa I Wind Power Co., Ltd Independent Director, Member of Remuneration Committee and Auditing Committee, Taiwan Mask Corporation	—	—	—	—

Note 1. Chairman of Dongguan ITEQ Electronic Technology Co., Ltd., ITEQ (Wuxi)Electronic Technology Co., Ltd., Guangzhou ITEQ Electronic Technology Co., Ltd., Maocheng Electronic Technology (Dongguan) Co., Ltd., Jiangxi ITEQ Electronic Technology Co., Ltd., and Bangmao Investment Co., Ltd. 100% re-invested by ITEQ Corporation, Chairman and President of Win Semiconductors Corp., Vice Chairman of Hiwin Technologies Corporation, Independent Director of Kinsus Interconnect Technology Corp., Independent Director of Tong Hsing Electronic Industries, Ltd., Independent Director of Inventec Besta Co., Ltd., corporate director representative of Mercuries Life Insurance Co., Ltd., director of Modern Finance Foundation, supervisor of Excellence Sports Equipment Co., Ltd., supervisor of Lianxing Sports Equipment Co., Ltd. and representative, Chairman or director of Win Semiconductors Corp. or its affiliates.

Note 2. Director and legal representative of Dongguan ITEQ Electronic Technology Co., Ltd., director and legal representative of Guangzhou ITEQ Electronic Technology Co., Ltd., director and legal representative of ITEQ (Wuxi) Electronic Technology Co., Ltd., director and legal representative of Maocheng Electronic Technology (Dongguan) Co., Ltd., and director and legal representative of Jiangxi ITEQ Electronic Technology Co., Ltd. 100% re-invested by ITEQ Corporation.

Note 3. Ms. Shih-Fang Cheng and Mr. Jin-Yuan Wang, the corporate representatives of Fu-Cun Development Co., Ltd., resigned as corporate directors and their representatives on August 1, 2022.

2. Major Shareholders of the Corporate Shareholders

March 28, 2023

Name of Corporate Shareholders	Major Shareholders of the Corporate Shareholders
WIN Semiconductors Corp.	Cathay Life Insurance Co., Ltd (5.60%)
	Chinatrust Commercial Bank is entrusted with the custody of the investment account of Anwar Hi-Tech International Marketing Pte. (4.72%)
	Tian He Int'l Enterpris Co., Ltd. (4.21%)
	Chin-Tsai Chen (3.01%)
	Nan Shan Life Insurance Company, Ltd. (2.20%)
	Kuo-I Yeh (1.90%)
	Chinatrust Merchant Bank Trustee Trust Property Account for the Employee Stock Ownership Association of WIN Semiconductors Corp. (1.89%)
	Li-Chuan Yeh (1.81%)
	Li-Cheng Yeh (1.81%)
	JPMorgan Chase Bank, Taipei Branch was entrusted with the custody of the investment account of Central Bank of Saudi Arabia. (1.72%)

3. Substantial Shareholders of Corporate Shareholders whose Substantial Shareholders are Judicial Persons:

Name of Corporate Shareholders	Major Shareholders of the Corporate Shareholders
Cathay Life Insurance Co., Ltd	Cathay Financial Holdings (100.00%)

Note: The information of the top ten shareholders of Cathay Life Insurance Co., Ltd. is as of February 28, 2023.

April 1, 2023

Name of Corporate Shareholders	Major Shareholders of the Corporate Shareholders
Tian He Int'l Enterpris Co., Ltd.	Shun-Ping Chen (18.11%)
	Shun-Ting Chen (18.11%)
	British Virgin Islands Anglia Co., Ltd. (63.52%)
	Yu-Wen Chen (0.11%)
	Ssu-Kai Chen (0.05%)
	Chih-Ching Lin (0.05%)
	Shu-Chi Lin (0.05%)

Name of Corporate Shareholders	Major Shareholders of the Corporate Shareholders
Nan Shan Life Insurance Company, Ltd.	Yucheng Investment Holding Co., Ltd. (89.55%)
	Yunhua Dyeing & Weaving Factory Co., Ltd. (1.34%)
	Ying-Tsung Tu (1.16%)
	Yun Tai Hsing Co., Ltd. (0.97%)
	Runtai Innovation International Co., Ltd. (0.23%)
	Runtai Global Shareholding Co., Ltd. (0.21%)
	Yuanxin Investment Co., Ltd. (0.16%)
	Runtai Leasing Co., Ltd. (0.12%)
	Jipin Investment Holding Co., Ltd. (0.11%)
	Pengcheng Co., Ltd. (0.09%)

Note: The information of the top ten shareholders of Nan Shan Life Insurance Co., Ltd. is as of February 28, 2023.

4. Information on the expertise and independence of Directors

Conditions / Name	Professional qualifications and experience (Note 1)	Independence (Note 2)	Number of other public companies where the individual concurrently serves as an Independent Director
Chairman Chin-Tsai Chen	· With at least 20 years of working experience in corporate business, financial expertise and familiarity with relevant laws and regulations, highly professional governance and management skills. He was awarded an honorary doctorate from Tamkang University in 2021. · Used to serve as the director and general manager of Namchow Investment Holdings Co., Ltd., and director and supervisor of many companies. · Now serving as the chairman of the Company, the chairman and president of WIN Semiconductors Corp., vice chairman of HIWIN Technologies Corp. and the member of Board of Directors of many listed companies. · None of the circumstances in the subparagraphs of Article 30 of the Company Act apply.	Not applicable	3

Conditions / Name	Professional qualifications and experience (Note 1)	Independence (Note 2)	Number of other public companies where the individual concurrently serves as an Independent Director
Directors Hsin-Hui Tsai	· With at least 20 years of working experience in corporate business, financial expertise and familiarity with relevant laws and regulations, highly professional governance and management skills. · Used to serve as the Director of Accounting Office, Director of Secretariat of the Board, EnTie Commercial Bank. · Serving as the CEO and General Manager of the Company. · None of the circumstances in the subparagraphs of Article 30 of the Company Act apply.	Not applicable	0
Directors WIN Semiconductors Corp. Representative: Ching-Chou Tseng	· With more than 20 years of experience required for the business of the Company and the skills in terms of finance, accounting, investment and management. · Used to serve as the Business Manager of Canadian Imperial Bank of Commerce (Vancouver), joined the WIN Semiconductors Corp. as the financial director in 2000 to today, and now serving as the financial assistant manager and spokesperson of the WIN Semiconductors Corp. · None of the circumstances in the subparagraphs of Article 30 of the Company Act apply.	Not applicable	0
Independent Director Zhao-Rong Yang	· Graduated from an accounting school. · Currently serving as the convener of the Company's Remuneration Committee. · He has more than 20 years of experience in corporate business and has served as Chairman of Huanan Securities, Vice President of Taiwan Stock Exchange, Listing Review Committee, Convenor of Surveillance Report, and Chief Secretary of OTC, etc. He has extensive experience in corporate management, corporate governance and market compliance. · Now serving as the independent director of Tigerair Taiwan Co., Ltd. and Jing-Jan Retail Business Co., Ltd. · None of the circumstances in the subparagraphs of Article 30 of the Company Act apply.	· The independent directors and their spouse and relatives within the second degree of consanguinity are not the directors, supervisors or employees of the Company or any affiliates. They are not directors, supervisors or employees of any company with which the Company has a specific relationship. · The independent directors and their spouses and relatives within the second degree of consanguinity do not hold any shares of the Company. · In the last two years, there were no cases in which the Company or other related companies received remuneration for providing business, legal, financial, or accounting services.	2

Conditions / Name	Professional qualifications and experience (Note 1)	Independence (Note 2)	Number of other public companies where the individual concurrently serves as an Independent Director
Independent Director Po-Chiao Chou	· Graduated from an accounting school. · Currently serving as the convener of the Company's Audit Committee. · With more than 20 years of experience required for the business of the Company, used to serve as the Managing Director & General Manager of the First Commercial Bank and the Director & Deputy General Manager of the First Financial Holding Co.,Ltd., and rich experience in finance. · Now serving as the Independent Director of CLEVO Co.. · None of the circumstances in the subparagraphs of Article 30 of the Company Act apply.	· The independent directors and their spouse and relatives within the second degree of consanguinity are not the directors, supervisors or employees of the Company or any affiliates. They are not directors, supervisors or employees of any company with which the Company has a specific relationship. · In the last two years, there were no cases in which the Company or other related companies received remuneration for providing business, legal, financial, or accounting services.	1
Independent Director Xiu-Zong Liang	· With more than 20 years of experience required for the business of the Company and the skills in terms of information, network and management. · Now serving as chairman of Stark Technology, Inc., and CEO of Director, National Information Infrastructure Enterprise Promotion Association, with rich experience in information, network and management. · None of the circumstances in the subparagraphs of Article 30 of the Company Act apply.	· The independent directors and their spouse and relatives within the second degree of consanguinity are not the directors, supervisors or employees of the Company or any affiliates. They are not directors, supervisors or employees of any company with which the Company has a specific relationship. · The independent directors and their spouses do not hold any shares of the Company. · In the last two years, there were no cases in which the Company or other related companies received remuneration for providing business, legal, financial, or accounting services.	0

Conditions / Name	Professional qualifications and experience (Note 1)	Independence (Note 2)	Number of other public companies where the individual concurrently serves as an Independent Director
Independent director Hui-Fen Chan	· Qualified as an attorney. · With more than 20 years of experience required for the business of the Company and the skills in terms of laws and management. · Now serving as the independent director of Chipmos Technology Inc., Taiwan Mask Corporation, and Formosa I Wind Power Co., Ltd with rich experience in legal affairs. · None of the circumstances in the subparagraphs of Article 30 of the Company Act apply.	· The independent directors and their spouse and relatives within the second degree of consanguinity are not the directors, supervisors or employees of the Company or any affiliates. They are not directors, supervisors or employees of any company with which the Company has a specific relationship. · The independent directors and their relatives within the second degree of consanguinity do not hold any shares of the Company. · In the last two years, there were no cases in which the Company or other related companies received remuneration for providing business, legal, financial, or accounting services.	2

Note 1. Professional Qualifications and Experience: Specify the professional qualifications and experience of individual directors and supervisors, and if they are members of the Audit Committee and have accounting or financial expertise, describe their accounting or financial background and work experience, and state whether they have not any conditions indicated in Article 30 of the Company Act.

Note 2. The independent director shall state the compliance with independence criteria, including but not limited to whether he/she, his/her spouse or relatives within the second degree are directors, supervisors or employees of the Company or its affiliates; the number and proportion of shares held by him/her, his/her spouse or relatives within the second degree (or in the name of others); whether he/she is a director, supervisor or employee of a company with a specific relationship with the Company (refer to Article 3-1-5~8 of the Rules Governing the Establishment and Compliance of Independent Directors of Listed Companies); and the amount of remuneration received for the provision of commercial, legal, financial and accounting services to the Company or its affiliates in the last two years.

(II). General Manager, Vice Presidents, Assistant Managers, and Managers of Departments and Branches

Unit: Share, %; April 1, 2023

Title	Nationality	Name	Gender Age	Date elected (appointed)	Number of shares held		Shares held by spouse and underage children		Shares held in the name of other persons		Education and work experience	Positions currently held in other companies	Managers who have spousal or second-degree family relationships within the Company			Note
					Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Title	Name	Relationship	
CEO and General Manager	ROC	Hsin-Hui Tsai	Female 50-59 years old	2015.07.01	767,386	0.21	117,614	0.03	—	—	Bachelor, Department of Finance and Taxation, National Chengchi University Master of Finance, EMBA, National Taiwan University Director of Accounting Office of EnTie Commercial Bank Director of Secretarial Office of the Board of Director	(Note 1)	—	—	—	—
Huanan Board General Manager	ROC	Wei-Kuang Chu	Male 60-69 years old	2014.01.06	203,485	0.06	—	—	—	—	Industrial Management in National Cheng Kung University Deputy General Manager, Guangzhou Hongren Electronics Commissioner, Nan Ya Plastics	—	—	—	—	—
Jiangxi Plant General Manager	ROC and the USA	Chien-Lung He	Male 60-69 years old	2017.09.13	118,000	0.03	—	—	—	—	University of Utah, ， Electrical Engineering, Bachelor Degree. University of Portland ， Electrical Engineering, Master of Science General Manager, Taiwan Union Technology Corporation Zhongshan Plant General Manager of Systex Technology Suzhou Plant/Dongguan Plant/Chongqing Plant Deputy General Manager of Compeq Manufacturing Company Limited Huizhou Plant General Manager of Vero Veria Group Guangzhou Plant	—	—	—	—	—
Guangzhou Soft Board General Manager	ROC	Cheng-Hsin Chen	Male 50-59 years old	2014.01.06	65,000	0.02	—	—	—	—	Department of Chemical Engineering, Chung Yuan Christian University VP, Allstar Tech Co.,Ltd. Assistant Manager, Guangzhou Hongren Electronics Commissioner, Nan Ya Plastics	—	—	—	—	—

Title	Nationality	Name	Gender Age	Date elected (appointed)	Number of shares held		Shares held by spouse and underage children		Shares held in the name of other persons		Education and work experience	Positions currently held in other companies	Managers who have spousal or second-degree family relationships within the Company			Note
					Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Title	Name	Relationship	
Taiwan Plant General Manager	ROC	Hsin-Chin Yeh (Note 2)	Male 40-49 years old	2022.06.01	40,000	0.01	—	—	—	—	Corporate Management Institute of Chung Yuan University President of PCB Operations, Bomin Electronics General Manager, Unitech General Manager, HannStar Board Corporation	—	—	—	—	—
Marketing OEM Center of the Group Deputy General Manager	ROC	I-Liang Lin (Note 3)	Male 40-49 years old	2021.03.23	—	—	—	—	—	—	Department of Chemical Engineering, National Cheng Kung University VP, Marketing, Taiwan Union Technology Corporation	—	—	—	—	—
Deputy General Manager	ROC	Sheng-Yen Wu (Note 4)	Male 40-49 years old	2022.08.02	—	—	2,000	—	—	—	PhD in National Tsing Hua University, Department of Chemical Engineering Master in National Tsing Hua University, Department of Chemical Engineering Adjunct Assistant Professor of Tunghai University, Department of Chemical and Material Engineering Section Head of Chang Chun Plastics Co., Ltd.	—	—	—	—	—
Accounting Supervisor and Corporate Governance Supervisor	ROC	Jung-Tsan Chou (Note 5)	Male 50-59 years old	2022.08.23	152,428	0.05	–	—	—	—	Department of Accounting, Chung Yuan Christian University Head of Finance Division, Coretronic Corporation	—	—	—	—	—
Accounting Supervisor and Corporate Governance Supervisor	ROC	Chun-Jen Huang (Note 6)	Male 40-49 years old	2022.03.16	—	—	—	—	—	—	Department of Accounting, National Taiwan University Accounting and Information Institute, Chung Cheng University Director of Accounting Division, Eink Head Manager, Cost Management Department, TSMC	—	—	—	—	—

Note 1. Director and legal representative of Dongguan ITEQ Electronic Technology Co., Ltd., director and legal representative of Guangzhou ITEQ Electronic Technology Co., Ltd., director and legal representative of ITEQ (Wuxi) Electronic Technology Co., Ltd., director and legal representative of Maocheng Electronic Technology (Dongguan) Co., Ltd., and director and legal representative of Jiangxi ITEQ Electronic Technology Co., Ltd. 100% re-invested by ITEQ Corporation.

Note 2. General Manager Hsin-Chin Yeh was newly appointed on June 1, 2022, and served until January 1 of the following year, and term of the office was calculated based on the change in shareholding due to duty adjustment.

Note 3. I-Liang Lin, Vice President of Group Marketing OEM Center, changed his position on September 13, 2022, so the changes in the equities are settled till that day.

Note 4. Sheng-Yen Wu, Deputy General Manager, was newly elected on August 2, 2022. The equity changes are calculated beginning from that date.

Note 5. Jung-Tsan Chou, the senior director, experienced position change from March 16 to August 23, 2022, and the changes to equities are not calculated for this period of time.

Note 6. Director Chun-Jen Huang was newly appointed as the Financial/Accounting Manager on March 16, 2022, and served until August 23 of the same year, and term of the office was calculated based on the change in shareholding due to duty adjustment.

(III). Remuneration paid to Directors, General Manager and Vice Presidents in the Most Recent Year

1. Remunerations paid to ordinary directors and independent directors

Unit: NT$1,000/thousand shares

Title	Name	Directors' remuneration (Note 1)								Ratio of total remunerations including A, B, C, and D to net income after tax (%) (Note 4)		Compensations paid to concurrent employees								Ratio of total remunerations including A, B, C, D, E, F, and G to net income after tax (%) (Note 4)		Whether or not t have received remunerations from an investe company other than the Company's subsidiary or parent company
		Remuneration (A)		Severance pay (B) (Note 2)		Remuneration for directors (C) (Note 3)		Business execution expense (D)				Salaries, bonuses and allowances (E)		Severance pay (F) (Note 2)		Employee Remuneration (G) (Note 3)						
																The Company		All companies listed in the financial report				
		The Company	All companies listed in the financial report	The Company	All companies listed in the financial report	The Company	All companies listed in the financial report	The Company	All companies listed in the financial report	The Company	All companies listed in the financial report	The Company	All companies listed in the financial report	The Company	All companies listed in the financial report	Cash amount	Stock amount	Cash amount	Stock amount	The Company	All companies listed in the financial report	
Chairman	Chin-Tsai Chen	—	—	—	—	12,649	12,649	125	125	12,774 0.69%	12,744 0.69%	9,189	11,694	—	—	8,970	—	8,970	—	30,933 1.67%	33,438 1.80%	None
Directors	Hsin-Hui Tsai																					
Directors	Representative of WIN Semiconductors Corp.: Ching-Chou Tseng																					
Directors	Representative of Fu-Cun Development Co., Ltd.: Shih-Fang Cheng (Note 5)																					
Directors	Representative of Fu-Cun Development Co., Ltd.: Jin-Yuan Wang (Note 5)																					
Independent Director	Zhao-Rong Yang	—	—	—	—	7,060	7,060	140	140	7,200 0.39%	7,200 0.39%	—	—	—	—	—	—	—	—	7,200 0.39%	7,200 0.39%	None
	Po-Chiao Chou																					
	Xiu-Zong Liang																					
	Hui-Fen Chan																					

1. Please describe the remuneration payment policy, system, standard, and structure of Independent Directors, and describe the connectivity with the amount of the remuneration paid according to factors such as duties, risks assumed, and time invested: According to Article 24 of the Company's Articles of Association, the remunerations of directors and supervisors shall be determined by the Board of Directors according to their level of involvement in the Company's operations and the value of their contributions, with reference to the usual standard of the industry.
2. Except for information disclosed above, remuneration paid for services rendered by Directors of the Company to all companies in the financial report (e.g., serving as a non-employee consultant) in the most recent fiscal year: None.

Note 1. When all directors and supervisors receive more than 2% of net income after tax of all directors and supervisors of all companies listed the financial statements, and when the remuneration paid to each individual director or supervisor exceeds NT$15 million, the remuneration of that individual director or supervisor shall be disclosed.

Note 2. This is the retirement pension paid in accordance with the law, and no retirement pension was actually paid in the most recent year; The confirmed pension contribution cost for the year 2022 is NT$13,703 thousand (for all employees).

Note 3. For the earning distribution in 2022, the Board of Directors adopted a resolution on March 7, 2023 to distribute the annual surplus of NT $19,709 thousand to the directors and NT $78,837 thousand to the employees, which were reported to the regular meeting of shareholders in 2023.

Note 4. The net profit after tax refers to the Company's net profit after tax of NT $1,855,173 thousand for the year 2022 and the individual statement's net profit after tax of NT $1,855,173 thousand for the year 2022, respectively.

Note 5. Ms. Shih-Fang Cheng and Mr. Jin-Yuan Wang, the corporate representatives of Fu-Cun Development Co., Ltd., resigned as corporate directors and their representatives on August 1, 2022, and the remuneration is calculated until this date.

With reference to the amount of remunerations of director employees in 2022, the proposed allocation amount for remunerations of the above managerial officers for this year (2023) is calculated based on the actual proportion and amount of the surplus in 2021 distributed for 2022 (for reference only).

Range of Remuneration Paid to Each Director of the Company	Name of Director			
	Total of the first four items (A+B+C+D)		Total of the first seven items (A+B+C+D+E+F+G)	
	The Company	All companies listed in the financial report	The Company	All companies listed in the financial report
Less than NT$ 1 million				
NT$1 million (inclusive) ~ NT$2 million (exclusive)	Ching-Chou Tseng, Jin-Yuan Wang, Shih-Fang Cheng, Zhao-Rong Yang, Po-Chiao Chou, Xiu-Zong Liang, Hui-Fen Chan	Ching-Chou Tseng, Jin-Yuan Wang, Shih-Fang Cheng, Zhao-Rong Yang, Po-Chiao Chou, Xiu-Zong Liang, Hui-Fen Chan	Ching-Chou Tseng, Jin-Yuan Wang, Shih-Fang Cheng, Zhao-Rong Yang, Po-Chiao Chou, Xiu-Zong Liang, Hui-Fen Chan	Ching-Chou Tseng, Jin-Yuan Wang, Shih-Fang Cheng, Zhao-Rong Yang, Po-Chiao Chou, Xiu-Zong Liang, Hui-Fen Chan
NT$2 million (inclusive) ~ NT$3.5 million (exclusive)				
NT$3.5 million (inclusive) ~ NT$5 million (exclusive)	Hsin-Hui Tsai	Hsin-Hui Tsai		
NT$5 million (inclusive) ~ NT$10 million (exclusive)	Chin-Tsai Chen	Chin-Tsai Chen		
NT$10 million (inclusive) ~ NT$15 million (exclusive)			Chin-Tsai Chen	Chin-Tsai Chen
NT$15 million (inclusive) ~ NT$30 million (exclusive)			Hsin-Hui Tsai	Hsin-Hui Tsai
NT$30 million (inclusive) ~ NT$50 million (exclusive)				
NT$50 million (inclusive) ~ NT$100 million (exclusive)				
Over NT$100 million				
Total	9	9	9	9

※The disclosed contents and amounts in this table are calculated from a concept different from the calculations of income tax. Hence the purpose of this table is solely for the purpose of information disclosure and not for tax purposes.※

2. Remuneration paid to supervisors: The Company has no supervisor, so this section is not applicable.

3. Remunerations paid to the General Managers and Deputy General Managers in 2022

(1) Remunerations paid to General Managers and Deputy General Managers

Unit: NT$1,000/thousand shares

Title	Name	Salary (A)		Severance pay (B) (Note 1)		Bonuses and Allowances (C)		Employees' remuneration (D) (Note 2)				Ratio of total remunerations including A, B, C, and D to net income after tax (%) (Note 3)		Received from subsidiaries Other than reinvestment business Or parent company remuneration
								The Company		All companies listed in the financial report				
		The Company	All companies listed in the financial report	The Company	All companies listed in the financial report	The Company	All companies listed in the financial report	Cash amount	Stock amount	Cash amount	Stock amount	The Company	All companies listed in the financial report	
CEO and General Manager	Hsin-Hui Tsai	13,197	21,051	—	—	7,567	7,567	16,504	—	16,504	—	37,268 2.01%	45,122 2.43%	—
Huanan Board General Manager	Wei-Kuang Chu													
Jiangxi Plant General Manager	Chien-Lung He													
Guangzhou Soft Board General Manager	Cheng-Hsin Chen													
Taiwan Plant General Manager	Hsin-Chin Yeh (Note 4)													
Marketing OEM Center of the Group Deputy General Manager	I-Liang Lin (Note 5)													
Deputy General Manager	Sheng-Yen Wu (Note 6)													

Note 1. This is the retirement pension paid in accordance with the law, and no retirement pension was actually paid in the most recent year; The confirmed pension contribution cost for the year 2022 is NT$13,703 thousand (for all employees).

Note 2. For the earning distribution in 2022, the Board of Directors adopted a resolution on March 7, 2023 to distribute the annual surplus of NT $19,709 thousand to the directors and NT $78,837 thousand to the employees, which were reported to the regular meeting of shareholders in 2023.

Note 3. The net profit after tax refers to the Company's net profit after tax of NT $1,855,173 thousand for the year 2022 and the individual statement's net profit after tax of NT $1,855,173 thousand for the year 2022, respectively.

Note 4. Hsin-Chin Yeh, General Manager, was newly elected on June 1, 2022. The remuneration is calculated beginning from that date.

Note 5. I-Liang Lin, Vice President of Group Marketing OEM Center, changed his position on September 13, 2022, and the remuneration is calculated until that date.

Note 6. Sheng-Yen Wu, Deputy General Manager, was newly elected on August 2, 2022. The remuneration is calculated beginning from that date.

With reference to the amount of remunerations of director employees in 2022, the proposed allocation amount for remunerations of the above managerial officers for this year (2023) is calculated based on the actual proportion and amount of the surplus in 2021 distributed for 2022 (for reference only).

Range of Remuneration Paid to Each General Manager and Deputy General Manager of the Company	Name of General Manager and Deputy General Manager	
	Total of the first four items (A+B+C+D)	
	The Company	All companies listed in the financial report
Less than NT$ 1 million		
NT$1 million (inclusive) ~ NT$2 million (exclusive)		
NT$2 million (inclusive) ~ NT$3.5 million (exclusive)	Hsin-Chin Yeh, I-Liang Lin, Sheng-Yen Wu	Sheng-Yen Wu
NT$3.5 million (inclusive) ~ NT$5 million (exclusive)	Cheng-Hsin Chen	Hsin-Chin Yeh, Cheng-Hsin Chen, I-Liang Lin
NT$5 million (inclusive) ~ NT$10 million (exclusive)	Chien-Lung He, Wei-Kuang Chu	Chien-Lung He, Wei-Kuang Chu
NT$10 million (inclusive) ~ NT$15 million (exclusive)	Hsin-Hui Tsai	
NT$15 million (inclusive) ~ NT$30 million (exclusive)		Hsin-Hui Tsai
NT$30 million (inclusive) ~ NT$50 million (exclusive)		
NT$50 million (inclusive) ~ NT$100 million (exclusive)		
Over NT$100 million		
Total	7	7

※The disclosed contents and amounts in this table are calculated from a concept different from the calculations of income tax. Hence the purpose of this table is solely for the purpose of information disclosure and not for tax purposes.※

(2) Names of Managers and the Distribution of Employee's Profit-sharing Bonus

March 7, 2023; Unit: NT$1,000

	Title	Name	Stock amount	Cash amount	Total	Ratio of total amount to net income (%)
Managerial Officer	CEO and General Manager	Hsin-Hui Tsai	—	17,078	17,078	17,078 0.92%
	Huanan Board Plant General Manager	Wei-Kuang Chu				
	Jiangxi Plant General Manager	Chien-Lung He				
	Guangzhou Soft Board Plant General Manager	Cheng-Hsin Chen				
	Deputy General Manager	Sheng-Yen Wu				
	Accounting Supervisor and Corporate Governance Supervisor	Jung-Tsan Chou				

Note 1. The amount of employee remuneration to be allocated from the annual surplus of 2022 in 2023 has not yet been fully determined, the proposed allocation amount for remunerations of the above managerial officers for this year (2023) is calculated based on the actual proportion and amount of the surplus in 2021 distributed for 2022 (for reference only).

Note 2. The after-tax net profit ratio is calculated on the basis of the after-tax net profit of NT$1,855,174 thousand for the year 2022.

(3) Names and distribution of the top five remunerated employees
(Remunerations of employees paid with surplus of 2021 obtained in 2022)

Title	Name	Number of Shares	Cash (NT$)
CEO and General Manager	Hsin-Hui Tsai	—	NT$46,000 thousand
Huanan Board General Manager	Wei-Kuang Chu		
Jiangxi Plant General Manager	Chien-Lung He		
Guangzhou Soft Board Plant General Manager	Cheng-Hsin Chen		
Deputy General Manager	Sheng-Yen Wu		

(IV). Total remunerations paid to each of this Company's Directors, General Managers, and Deputy General Managers in the 2 most recent years by all companies listed in this Company's individual and consolidated financial statements as a percentage of NIAT listed in the individual financial report and describe the policies, standards, and packages for payment of and the procedures for determining of such compensations and its linkage to the business performance.

1. Analysis on the ratio of total remuneration paid by the Company and all enterprises in the consolidated financial statements to the Company’s Directors, General Manager and Deputy General Managers in the recent two years to the earnings after tax under individual financial report

Title	2021		2022	
	The Company	All companies listed in the financial report	The Company	All companies listed in the financial report
Directors	2.77%	2.85%	2.06%	2.19%
General Managers and Deputy General Manager	2.43%	2.63%	2.01%	2.43%

Note: The amount of employee remuneration to be allocated from the annual surplus of 2022 in 2023 has not yet been fully determined, the proposed allocation amount for remunerations of the above managerial officers for this year (2023) is calculated based on the actual proportion and amount of the surplus in 2021 distributed for 2022 (for reference only).

2. Description of policies, standards, and packages for payment of remuneration, as well as procedures for determining remuneration, and its linkage to business performance and future risk exposure relevance

(1) Directors' Remuneration: The directors of the Company shall receive not more than 2% of the annual profit in addition to the vehicle compensation in accordance with the Company's Articles of Incorporation. At the end of each year, in accordance with the "Regulations Governing the Evaluation of the Performance of the Board of Directors", an internal evaluation is conducted through questionnaires. The evaluation indicators include the mastery of the company's objectives and tasks, the directors' knowledge of their duties and responsibilities, their participation in the company's operations, the operation and communication of internal relations, the directors' professionalism and continuing education, and internal control, which are used as references for evaluating the performance of individual directors. In accordance with the "Regulations Governing the Remuneration of Directors", the remuneration is calculated by adding different basis points according to their positions, their representation as directors of subsidiaries, their participation in the Company's operations, their role as bank

guarantors, etc. The remuneration is submitted to the Remuneration Committee for consideration and then to the Board of Directors for approval.

(2) Remuneration of Managerial Officers: Including fixed salary, year-end bonus, and an employee bonus of not less than 2% of annual profit in accordance with the Company's Articles of Incorporation. Fixed salaries are determined by reference to industry standards and title, rank, education, expertise and years of technical and professional experience. Bonus and remuneration are determined based on the performance evaluation of the managerial officers, including the achievement of company profit, achievement of departmental annual budget, individual KPIs and achievement of individual professional activities, according to the procedures specified in the Regulations on Managing Remuneration and Regulations on Managing Employee Performance Evaluation, which shall be reviewed by the Remuneration Committee before submitting to the Board of Directors for approval.

(3) The Company has established a Remuneration Committee, which is responsible for developing the overall (including directors and managerial officers) remuneration and benefit policies and structure, implementing incentives for managerial officers, and checking the salary level on the market regularly to ensure that the overall remuneration provided by the Company is competitive on the market, so as to develop and retain talents and promote the sustainable development of the Company.

(4) Relevance of future risks: the remuneration of the Company will be evaluated and adjusted after considering future environmental changes and business performance, and directors and employees who are involved in illegal activities and cause losses to the Company may be subject to necessary punishments according to law.

III. Operation Status of Corporate Governance

(I) Operation Status of the Board of Director

The board of director held 7(A) meetings in 2022 . The attendance of directors was as follows:

Title	Name	Attendance in Person (B)	Times of Attendance by Proxy	Actual Attendance Rate (%) (B/A)	Note
Chairman	Chin-Tsai Chen	5	2	71	
Directors	Hsin-Hui Tsai	7	0	100	
Directors	Representative of WIN Semiconductors Corp.: Ching-Chou Tseng	7	0	100	
Directors	Representative of Fu-Cun Development Co., Ltd.: Shih-Fang Cheng	4	0	100	Resigned on 2022.08.01.
Directors	Representative of Fu-Cun Development Co., Ltd.: Jin-Yuan Wang	4	0	100	Resigned on 2022.08.01.
Independent Director	Zhao-Rong Yang	7	0	100	
Independent Director	Po-Chiao Chou	7	0	100	
Independent Director	Xiu-Zong Liang	7	0	100	
Independent Director	Hui-Fen Chan	7	0	100	

Other issues to be recorded:

1. If any of the following circumstances occur in the operation of the board of directors, the date and term of the board meeting, the content of proposal, the opinions of all independent directors and the Company's handling of the opinions of independent directors shall be stated:
   (1) Items listed in Article 14-3 of the Securities Exchange Act:
   The Company has established Audit Committee, and independent directors could express opinions according to the items to be resolved in Article 14-5 of the Securities and Exchange Act. Please refer to the "Independent Directors' Opinions or Resolutions on Major Proposals on page 29 of this annual report".
   (2) Other than the matters mentioned above, other resolutions on which the Independent Directors have dissenting opinions or qualified opinions: None.

2. The implementation status of director's avoidance of interested proposals, which shall state the name of director, the content of the proposals, the reasons for the avoidance of interests, and the circumstances of participation in voting:

Term/session of the Board of Directors	Proposal	Reasons of withdrawal	Status of execution
4th meeting of the 9th Board of Directors 2022.01.19	1. Proposal on the distribution of year-end bonus of managerial officers for 2021.	Chairman Chin-Tsai Chen and Director Hsin-Hui Tsai are concurrently the Managerial Officers of the Company.	Except the above director withdrew due to interests, the Chairman consulted all the directors present and the proposal was passed without objection.
8th meeting of the 9th Board of Directors 2022.08.02	1. Proposal on payment of remunerations for managerial officers and employees of the Company in 2021.	Director Hsin-Hui Tsai was concurrently the Manager of the Company.	

3. TWSE/GTSM listed companies shall disclose the evaluation cycle and period, scope, method, and content of evaluation for the self-evaluation (or peer evaluation) of the board of directors. The evaluation conditions of the board of directors of the Company are as follows:

Evaluation cycle	Period of evaluation	Scope of evaluation	Method of evaluation	Content of evaluation
Executed every year	2022.01.01 – 2022.12.31	Entire Board of Directors) Audit Committee Remuneration Committee Individual Members of the Board	Internal Self-evaluation of the Board Internal Self-evaluation of the Audit Committee Internal Self-evaluation of the Remuneration Committee and Internal Self-evaluation of Members of the Board	Refer to Note 1 for instructions.

Note 1. The contents of the evaluation shall include at least the following items according to the scope of evaluation:

(1) Performance evaluation of the board of directors: at least including the degree of involvement in the operation of the Company, the quality of decision-making of the board of directors, the composition and structure of the board of directors, the selection and continuous learning of directors, internal control, etc.
(2) Performance evaluation of individual directors: at least including the cognition of the Company's objectives and tasks, the understanding of director liabilities, the involvement in the Company's operations, the internal relationship management and communication, the specialty and further study of directors and internal control.
(3) Performance evaluation of functional committees: the degree of involvement in the Company's operation, the cognition of the responsibilities of functional committees, the quality of decision-making of functional committees, the composition and selection of members of functional committees, internal control, etc.
(4) Performance evaluation of individual directors: at least including the cognition of the Company's objectives and tasks, the understanding of director liabilities, the involvement in the Company's operations, the internal relationship management and communication, the specialty and further study of directors and internal control.

The results of the evaluation of the operations of the Board of directors and functional committees in 2022 are as follows, which have been submitted to the Board of Directors on January 12, 2023:

(1) The performance evaluation indicators of the board of directors consists of five aspects and a total of 45 indicators, and the evaluation result is "excellent".
The operation of the entire Board of Directors, the level of directors' participation in operations, the functions of functional committees and the quality of their decisions, as well as the ongoing training and internal controls have been effectively implemented and in compliance with regulations.
(2) The performance evaluation indicators of the Audit Committee consist of five aspects and a total of 22 indicators, and the evaluation result is "excellent".
The Audit Committee could operate smoothly, and its functions could be used and comply with laws and regulations.
(3) The performance evaluation indicators of the Remuneration Committee consist of five aspects and a total of 19 indicators, and the evaluation result is "excellent". The operation of the Remuneration Committee is smooth without malfunction.
(4) The performance evaluation indicators of the board members consist of six aspects and a total of 23 indicators, and the evaluation results are "excellent" to "extremely excellent", with high participation.

4. Goal of enhancing Board of Directors functions (such as establishing an audit committee and uplifting information transparency) and evaluation of its implementation in the current and most recent fiscal year:
(1) The Audit Committee and the Remuneration Committee established under the board of directors of the Company shall assist the board of directors in performing their supervisory duties respectively.
(2) The Audit Committee of the Company has been composed of 4 independent directors since June 15, 2018, and is responsible for the fair presentation of the Company's financial statements, the selection (dismissal) and independence evaluation of CPAs, the effective implementation of internal control, the management and control of the Company's existing or potential risks, etc.
(3) The Remuneration Committee of the Company was established in 2021 and is currently composed of 4 independent directors. It is responsible for formulating and regularly reviewing policies, systems, standards and structures on performance evaluation and remunerations of directors and managerial officers, as well as regularly evaluating and determining the salaries and remunerations of directors and managerial officers.
(4) Communicate relevant refresher courses to board members and assist in the arrangement of refresher courses to enhance the absorption of new knowledge and maintain professional advantages.
(5) On October 29, 2019, the Company established the Board Performance Evaluation Method as the objectives to be achieved in the operation of directors and functional committees.
(6) On May 5, 2020, the board of directors of the Company approved the setup of Corporate Governance Director.

5. The attendance and appearance of independent directors at each board meeting of the Company in 2022 are as follows:
◎ Attend in person ☆ Delegate to attend

Name	Date of the Board Meeting							Note
	2022.01.19	2022.03.16	2022.05.03	2022.07.08	2022.08.02	2022.08.23	2022.11.01	
Zhao-Rong Yang	◎	◎	◎	◎	◎	◎	◎	
Po-Chiao Chou	◎	◎	◎	◎	◎	◎	◎	
Xiu-Zong Liang	◎	◎	◎	◎	◎	◎	◎	
Hui-Fen Chan	◎	◎	◎	◎	◎	◎	◎	

(II) Information on the operation of the Audit Committee:

1. The key jobs of the Audit Committee in the fiscal year are summarized as follows:
(1) Formulating or amending the internal control system.
(2) Evaluation on the effectiveness of the internal control system.

(3) Formulating or amending important management measures or operating procedures, such as the procedures for significant financial businesses including acquiring or disposing of assets, engaging in derivatives trading, lending funds to others, endorsing or providing guarantees for others.
(4) Matters involving the interests of directors.
(5) Significant transactions of assets or derivatives.
(6) Significant fund lending, endorsement or provision of guarantee.
(7) Raising, issuing or private placement of negotiable securities with the nature of equity.
(8) Appointment, discharge or remuneration of CPAs.
(9) Appointment and removal of finance, accounting or internal audit directors.
(10) Financial reports.
(11) Other important matters stipulated by the Company or the competent authority.

2. The Audit Committee held 6 meetings in 2022 (A). The appearance of independent directors were as follows:

Title	Name	Attendance in Person (B)	Times of Appearance by Proxy	Actual Appearance Rate (%) [B/A]	Note
Independent Director	Po-Chiao Chou (Convener)	6	0	100	
Independent Director	Xiu-Zong Liang	6	0	100	
Independent Director	Hui-Fen Chan	6	0	100	
Independent Director	Zhao-Rong Yang	6	0	100	

Other issues to be recorded:

1. If the Audit Committee operates under any of the following circumstances, it shall state the date and period of the Audit Committee meeting, the content of any proposal, the content of the objections, reservations or significant recommendations of the independent directors, the results of the Audit Committee resolution and the Company's handling of the opinion.
(1) Items listed in Article 14-5 of the Securities Exchange Act

Audit Committee Term of meeting and date of resolution	Proposal content	Resolution results and subsequent processing
5th meeting of the 2nd Audit Committee 2022.03.16	1. "Evaluation on the Effectiveness of Internal Control System" and the "Statement on Internal Control" for 2021. 2. Amendment to certain articles in the “Articles of Association”, the “Rules of Procedure of Shareholders’ Meeting”, and the "Procedures for the Acquisition or Disposal of Assets". 3. Proposal on the consolidated financial statements and individual financial statements of 2021. 4. Proposal on changing the Financial Supervisor, Accounting Supervisor and Corporate Governance Supervisor of the Company.	All the members of the Audit Committee have expressed no objection or qualified opinions to the proposals on the left, which have been adopted by all the committee members.
6th meeting of the 2nd Audit Committee 2022.05.03	1. Proposal on changing CPAs of the Company according to the internal adjustment of the CPA firm. 2. Proposal on the appointment of CPAs and the payment of the audit service fee of the Company in 2022	
7th meeting of the 2nd Audit Committee 2022.08.02	1. Proposal on amendments to some articles of the “Operating Procedures of Lending Funds to Others” and the “Operating Procedures of Lending Funds of Subsidiaries and Grandchild Companies to Others”. 2. Passed the amendments to some articles of the “Standard for Internal Audits” 3. Passed the proposal on payment of remunerations for directors of the Company in 2021. 4. Passed the proposal on payment of remunerations for managerial officers and employees of the Company in 2021.	
8th meeting of the 2th Audit Committee 2022.08.23	1. Proposal on changing the Financial Supervisor, Accounting Supervisor and Corporate Governance Supervisor of the Company.	

(2) Except for the matters mentioned above, other matters that have not been approved by the Audit Committee but have been agreed by more than two-thirds of all directors: none.

2. The implementation status of independent director’s avoidance of interested proposals, which shall state the name of independent director, the content of the proposals, the reasons for the avoidance of interests, and the

circumstances of participation in voting: none.

3. The communications between the independent director and the internal audit supervisor and accountant (including major issues, methods and results of communication regarding the company's financial and business status).

(1) Communication between the Audit Committee and the Audit Supervisor in 2022:

Date	Content of the communication	Handling results	Communication results
2022.01.19	1. Report on implementation of audits. 2. Key points for the audits in the next period. 3. Audit plan for subsidiaries in 2022.	1. After reporting by the Audit Committee, submit the report to the Board of Directors. 2. Audit plan for subsidiaries in 2022 is submitted to the Board of Directors after review and approval.	No opinions
2022.03.16	1. Report on implementation of audits of the current period. 2. Key points for the audits in the next period. 3. "Evaluation on the Effectiveness of Internal Control System" and the "Statement on Internal Control" for 2021.	1. After reporting by the Audit Committee, submit the report to the Board of Directors. 2. "Evaluation on the Effectiveness of Internal Control System" and the "Statement on Internal Control" for 2021, which are submitted to the Board of Directors after review and approval.	No opinions
2022.05.03	1. Report on implementation of audits of the current period. 2. Key points for the audits in the next period.	1. After reporting by the Audit Committee, submit the report to the Board of Directors.	No opinions
2022.08.02	1. Report on implementation of audits of the current period. 2. Amendments to the auditing practices. The independent directors proposed 4 amendments. 3. 2022 Annual Audit Plan - Revision of audit period.	1. After reporting by the Audit Committee, submit the report to the Board of Directors. 2. The management method is submitted to the Board of Directors after review and approval. 3. 2022 Annual Audit Plan - Revision of audit period, which is submitted to the Board of Directors after review and approval.	Independent directors proposed 4 amendments. The correction to the audit is accepted, and approved by the Audit Committee and the Board of Directors.
2022.11.01	1. Report on implementation of audits of the current period. 2. Company's annual audit plan for 2023.	1. After reporting by the Audit Committee, submit the report to the Board of Directors. 2. The management method is submitted to the Board of Directors after review and approval. 3. Audit plan of 2023 is submitted to the Board of Directors after review and approval.	No opinions

The Audit Supervisor communicates with the independent directors through the audit report every month; To report at least once a quarter on the performance of the audit operations through the meeting of the Audit Committee and report to the members of the Audit Committee immediately in case of any special circumstances. There are no such special conditions as at the publication date of the annual report. The Audit Committee of the Company has communicated well with the internal Audit Supervisor.

(2) Communication between the Audit Committee and the CPAs in 2021:

Date	Content of the communication	Communication results
2022.01.19	1. 2021 Annual Audit Plan- Audit Scope and Methodology, Identification of Significant Risks, Critical Audit Items (Inventory Impairment Evaluation) 2. The impact of COVID-19 on risk assessment and verification.	No opinions
2022.03.16	1. Scope of audit of financial statements for 4Q 2021, significant risks and key audit items, responsibilities and independence of accountants, type and content of audit reports. 2. Key measures of Corporate Governance 3.0 Sustainability Blueprint.	No opinions
2022.05.03	1. Scope of audit of financial statements for 1Q 2022, responsibilities and independence of accountants, type and content of audit reports. 2. Notes to other matters.	No opinions
2022.08.02	1. Scope of audit of financial statements for 2Q 2022, responsibilities and independence of accountants, type and content of audit reports. 2. Notes to other matters.	No opinions
2022.11.01	1. Scope of audit of financial statements for 3Q 2022, responsibilities and independence of accountants, type and content of audit reports. 2. Notes to other matters.	No opinions

The matters communicated between the Company's CPAs and the Audit Committee include the audit or review results of the financial statements of the reporting quarter, the scope and schedule of the audit or review, major findings, statement that the personnel subject to the independence standards of the firm under which the certified accountants are affiliated have complied with the statement of independence in the professional ethics of accountants, the key audit matters to be communicated in the financial reports, and the impact of statutory amendments on the Company, etc. Any special circumstances will be reported to the members of the Audit Committee immediately and there are no such special circumstances as at the date of publication of the annual report. The Audit Committee of the Company has communicated well with the CPAs.

(III) Implementation of corporate governance and the Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the Reasons

Evaluation Items	State of Operations			Deviations from the Practice Principles for TWSE/TPEx Listed Companies, and the Reasons
	Yes	No	Summary	
I. Has the Company formulated and disclosed its corporate governance best practice principles in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies"?	V		The Company has established the Corporate Governance Best Practice Principles in 94, and has kept abream of changes in current laws and regulations to strengthen its organizational structure and disclosed them on the Company's website and the Market Observation Post System. The Company's relevant operations have been conducted in accordance with relevant important regulations.	No major deviations.
II. Shareholding structure and shareholders' rights (I). Does the Company establish an internal procedure for handling shareholder proposals, inquiries, disputes, and litigations? Are such matters handled according to the internal procedure?	V		(I). The Company has formulated the "Measures for Handling Stock Affairs" in 91, and has set up spokesman, acting spokesman, stock affairs officer and dedicated person to handle relevant matters, and has publicly announced its contact telephone number and E-mail address (service@iteq.com.tw) to properly handle questions, suggestions, doubts and disputes raised by shareholders. There has not been any dispute or lawsuit.	No major deviations.
(II). Does the Company maintain a register of major shareholders with controlling power as well as a register of persons exercising ultimate control over those major shareholders?	V		(II). The Company has stockholder affair undertaker who, assisted by the Stock Agency Department of Grand Fortune Securities Co., Ltd., regularly keeps track of the major shareholders who actually control the Company and the list of the ultimate controllers of the major shareholders according to the list of shareholders provided by the stockholder agency on the date when the Company handles the closing of ownership transfer; and regularly discloses the situation of pledge, increase or decrease of equity of shareholders holding more than 10% equity.	No major deviations.
(III). Does the Company establish and enforce risk control and firewall systems with its affiliated businesses?	V		(III). In the internal control system, the Company has established the "Subsidiary Management Measures", the "Measures for the Management of Related Party Transactions", and the "Procedures for Dealing with Related Parties, Special Persons and Group Members" to define the management rights and responsibilities of personnel, assets and finance among related enterprises, and conduct risk evaluation and establish appropriate firewalls. All business dealings with related enterprises are handled in accordance with the principle of fairness and reasonableness, and are subject to relevant internal control and other management measures. The audit unit of the Company also includes each subsidiary into the scope of internal audit and carries out audit operations on a regular or irregular basis.	No major deviations.
(IV). Does the Company stipulate	V		(IV). The Company formulated the "Internal Material	No major

Evaluation Items	State of Operations			Deviations from the Practice Principles for TWSE/TPEx Listed Companies, and the Reasons
	Yes	No	Summary	
internal rules that prohibit company insiders from trading securities using information not disclosed to the market?			Information Processing Procedures" in 2009, made the “Method of Preventing Insider Trading” on May 5, 2022 to prevent the insiders of the Company to buy and sell valuable securities using unannounced information on the market and informed the Company's internal personnel to strictly follow them, so as to reduce the internal personnel of the Company from accidentally committing insider trading due to unfamiliarity with laws and regulations or intentionally committing such breach, resulting in lawsuits involving the Company or such internal personnel, and damaging the Company's reputation. Article 10 of the "Corporate Governance Best Practice Principles" stipulates that insiders shall not trade in the Company's shares during the 30 days prior to the announcement of annual financial statements and 15 days prior to the announcement of quarterly financial statements, after they have been informed of the Company's financial statements or related results. In addition, a good internal information processing and disclosure mechanism was established to avoid improper information leakage.	deviations.
III. Composition and Responsibilities of the Board of Directors				
(I). Does the Board of Directors have a diversity policy, specific management objectives and implementation?	V		(I). Article 20 of the Corporate Governance Best Practice Principles of the Company stipulates that to achieve the effective operation of the board of directors, enhance the development and operation of the Company, the composition of the board of directors is diversified in terms of professional skills required for business, legal, finance, accounting and the operation of the Company, and the directors possess complete and rich academic experience to enable the board of directors to perform the functions of operational decision-making and leadership. Please refer to item (VIII) of this annual report (page 59) for an explanation of the diversity policy of the Company's board members.	No major deviations.
(II). In addition to the Remuneration Committee and Audit Committee established according to law, is the Company willing to set up other functional committees?	V		(II). The functional committees of the Company include: 1. The Remuneration Committee: holding at least 2 meetings per year.Please refer to (page 42) of the annual report for the operation situation. 2. The Audit Committee: established in June 15, 2018, comprised of all independent directors. Please refer to (page 32) of the annual report for the operation situation.	No major deviations.
(III). Has the Company established standards to measure the performance of the Board, and does the Company implement such annually? Does it report the results of the performance evaluation to the BOD and use them as a reference for each	V		(III). The Company has formulated the "Performance Evaluation Measures and Procedures of the Board of Directors" on October 29, 2019, and the board members and executive units conducted the internal performance evaluation of the board of directors in the current year. Please refer to (page 30) of the annual report for the operation situation. On January 12, 2023, the Board of Directors	No major deviations.

Evaluation Items	State of Operations			Deviations from the Practice Principles for TWSE/TPEx Listed Companies, and the Reasons
	Yes	No	Summary	
Director's remuneration and nomination of term renewal?			reported the results of the Board of Directors' performance evaluation in 2022.	
(IV). Does the Company regularly implement assessments on the independence of CPA?	V		(IV). The Board of Directors evaluated the independence and appropriateness of the CPAs in accordance with Article 47 of the Accountants Act and the No.10 Statement of Professional Ethics, with reference to the Audit Quality Indicators (AQIs), and submitted the results to the Audit Committee and the Board of Directors for approval on March 7, 2023. Please refer to Appendix I (page 134) of this annual report for the evaluation of the independence and competence of the CPAs.	No major deviations.
IV. Does the listed Company have an adequate number of qualified corporate governance personnel and assign a corporate governance executive to handle corporate governance matters (including but not limited to the provision of data to Directors and Supervisors for business execution, assisting Directors and Supervisors in legal compliance, matters related to Board Meeting and Shareholders' Meeting, preparation of minutes for Board Meeting and Shareholders' Meeting)?	V		In order to strengthen corporate governance and improve the effectiveness of the board of directors, appropriate personnel has been appointed to deal with matters related to the corporate governance. The board of directors adopted a resolution on May 5, 2020 to appoint a director of corporate governance, who has more than three years of financial and accounting experience in public offering companies and receives education for at least 12 hours every year according to the regulations. The main responsibility is to be a planning unit for corporate governance, ethical corporate management and legal compliance, to provide information for directors to carry out their business, strengthen the functions of the board of directors and comply with laws and regulations, and handle matters related to the board of directors and shareholder meetings. Business execution in 2022: (I). Assisting the directors in performing their duties and providing a communication window between the directors and the Company. 1. Informing members of the board of directors of the latest amendments to laws and regulations related to the business field and corporate governance of the Company. 2. Providing the Company's information required by directors, and maintaining smooth communication between the directors and senior executives. 3. Arranging refresher courses on a regular basis for directors in accordance with the directors' education background and prevailing laws and regulations. (II). Assisting functional committees, the board of directors and the shareholders' meeting in matters concerning the procedures and compliance with laws, and serving as the communication window for the functional committees. 4. Preparing meeting procedures and providing	No major deviations.

Evaluation Items	State of Operations			Deviations from the Practice Principles for TWSE/TPEx Listed Companies, and the Reasons
	Yes	No	Summary	
			relevant materials and topics, and giving advance warning if it is necessary to avoid interest conflicts. 5. Responsible for releasing important information of important resolutions of the board of directors and the board of shareholders, and ensuring the legality and correctness of such information, so as to ensure the equivalence of trading information for investors. (III). Please refer to (page 42) of the annual report for the further education situation.	
V. Has the company established a channel to communicate with stakeholders (including but not limited to shareholders, employees, customers, and suppliers), and set up a special zone for stakeholders on the Company's website, and appropriately respond to the important corporate social responsibility issues that are essential to stakeholders?	V		Depending on different conditions, the Company has channels for communication with the Company, appointing spokesman, acting spokesman, stock affairs officer and dedicated person to communicate with stakeholders, and has the special zone for stakeholders and the contact information of the spokesman (acting spokesman) and relevant business departments on the Company's website. The communication channels include telephone, website and e-mails, and the Board of Directors reported on the communication with stakeholders on January 12, 2023.	No major deviations.
VI. Has the Company commissioned a professional stock affair agency to manage shareholders' meetings and other relevant affairs?	V		The Company appoints the Stock Agency Department of Grand Fortune Securities Co., Ltd. as the stock agent to handle the transfer of ownership of the issued shares and other related matters for the Company.	No major deviations.
VII. Information Disclosure (I). Does the Company establish a website to disclose information on financial operations and corporate governance?	V		(I). The Company has set up a corporate website in both Chinese and English, which discloses relevant financial business and corporate governance information under Investor Relations. In addition, for information on product business, please refer to other disclosure information on the corporate website.	No major deviations.
(II). Does the Company adopt other means of information disclosure (such as establishing an English language website, delegating a professional to collect and disclose Company information, implement a spokesperson system, and disclosing the process of legal person conferences on the Company website)?	V		(II). The Company has set up an investor relation website in both Chinese and English, and designated a special person to update the information collected and disclosed on the company website, and set up a spokesman's email address for the special person to handle. The spokesman system is implemented to ensure that the information that may affect the decision-making of shareholders and stakeholders will be disclosed immediately.	No major deviations.
(III). Does the Company publish and declare its annual report within two months from the end of a	V		(III). On March 9, 2023, the Company announced its financial report for 2022, and the financial reports for the first, second and third quarters and the operating situation of each month, all of which	No major deviations.

Evaluation Items	State of Operations			Deviations from the Practice Principles for TWSE/TPEx Listed Companies, and the Reasons
	Yes	No	Summary	
fiscal year and publish and declare its financial reports for the first, second, and third quarters and the operating status of each month within the prescribed time.			shall be passed or submitted by the Board of Directors 7 days before the prescribed time limit. Each quarter report will be announced by the Board of Directors through the i-XBRL on the same day.	
VIII. Has the Company provided other important information that is helpful to understand the implementation of corporate governance (including but not limited to the rights and interests of employees, employee care, investor relations, supplier relations, stakeholder rights, continuous education of directors and supervisors, implementation of the risk management policies and risk measurement standards, customer policies, and purchase of liability insurance for the directors and supervisors)?	V		Please refer to Item (viii) (page 59)of this annual report.	No major deviations.
IX. Please indicate the improvement of the results of the corporate governance evaluation issued by the Company's Center for Corporate Governance in the last year of the TWSE and provide priority measures and measures for those who have not yet improved. The Company's rating range on "2021 Corporate Governance Evaluation" is the top 21%~35%. For the following items that have not been scored, priority enhancement matters and measures are put forward: 1. Improvements to 2022 corporate governance evaluation results: (1) The regular shareholders' meeting will be held by the end of May, and the annual shareholders' meeting in 2023 is scheduled to be held on May 30. 2. Priority enhancement items for those not yet improved: (1) To establish risk management policies and procedures approved by the Board of Directors. (2) To develop management policies, reduction targets and implementation measures for greenhouse gas, water consumption or other waste. (3) To disclose how the Company manages climate-related risks and opportunities.				

(IV) Composition, responsibilities and operation of the Remuneration Committee

1. Information on the members of the Remuneration Committee

Conditions / Name	Professional qualifications and experience (Note 1)	Independence (Note 2)	Number of other public companies where the individual concurrently serves as an Independent Director
Independent Director Zhao-Rong Yang	· Graduated from an accounting school. · Currently serving as the convener of the Company's Remuneration Committee. · He has more than 20 years of experience in corporate business and has served as Chairman of Huanan Securities, Vice President of Taiwan Stock Exchange, Listing Review Committee, Convenor of Surveillance Report, and Chief Secretary of OTC, etc. He has extensive experience in corporate management, corporate governance and market compliance. · Now serving as the independent director of Tigerair Taiwan Co., Ltd. and Jing-Jan Retail Business Co., Ltd. · None of the circumstances in the subparagraphs of Article 30 of the Company Act apply.	· The independent directors and their spouse and relatives within the second degree of consanguinity are not the directors, supervisors or employees of the Company or any affiliates. They are not directors, supervisors or employees of any company with which the Company has a specific relationship. · The independent directors and their spouses and relatives within the second degree of consanguinity do not hold any shares of the Company. · In the last two years, there were no cases in which the Company or other related companies received remuneration for providing business, legal, financial, or accounting services.	2
Independent Director Po-Chiao Chou	· Graduated from an accounting school. · Currently serving as the convener of the Company's Audit Committee. · With more than 20 years of experience required for the business of the Company, used to serve as the Managing Director & General Manager of the First Commercial Bank and the Director & Deputy General Manager of the First Financial Holding Co.,Ltd., and rich experience in finance. · Now serving as the Independent Director of CLEVO Co.. · None of the circumstances in the subparagraphs of Article 30 of the Company Act apply.	· The independent directors and their spouse and relatives within the second degree of consanguinity are not the directors, supervisors or employees of the Company or any affiliates. They are not directors, supervisors or employees of any company with which the Company has a specific relationship. · In the last two years, there were no cases in which the Company or other related companies received remuneration for providing business, legal, financial, or accounting services.	1

Independent Director Xiu-Zong Liang	· With more than 20 years of experience required for the business of the Company and the skills in terms of information, network and management. · Now serving as chairman of Stark Technology, Inc., and CEO of Director, National Information Infrastructure Enterprise Promotion Association, with rich experience in information, network and management. · None of the circumstances in the subparagraphs of Article 30 of the Company Act apply.	· The independent directors and their spouse and relatives within the second degree of consanguinity are not the directors, supervisors or employees of the Company or any affiliates. They are not directors, supervisors or employees of any company with which the Company has a specific relationship. · The independent directors and their spouses do not hold any shares of the Company. · In the last two years, there were no cases in which the Company or other related companies received remuneration for providing business, legal, financial, or accounting services.	0
Independent director Hui-Fen Chan	· Qualified as an attorney. · With more than 20 years of experience required for the business of the Company and the skills in terms of laws and management. · Now serving as the independent director of Chipmos Technology Inc., Taiwan Mask Corporation, and Formosa I Wind Power Co., Ltd with rich experience in legal affairs. · None of the circumstances in the subparagraphs of Article 30 of the Company Act apply.	· The independent directors and their spouse and relatives within the second degree of consanguinity are not the directors, supervisors or employees of the Company or any affiliates. They are not directors, supervisors or employees of any company with which the Company has a specific relationship. · The independent directors and their relatives within the second degree of consanguinity do not hold any shares of the Company. · In the last two years, there were no cases in which the Company or other related companies received remuneration for providing business, legal, financial, or accounting services.	2

2. Scope of functions of the Remuneration Committee
   The Remuneration Committee shall exercise the due care of a good administrator, perform the following duties, and shall submit its recommendations to the board of directors for discussion.
   (1) Establishing and periodically reviewing the annual and long-term performance goals for the directors, and managerial officers of the Company and the policies, systems, standards, and structure for their compensation.
   (2) Establishing and periodically reviewing the remunerations for directors and managerial officers.

3. Operational Status of the Remuneration Committee
   (1) The Company's Remuneration Committee consists of 4 members.
   (2) The term of office of the current members: From July 2, 2021 to July 1, 2024. A total of 4 meetings (A) were held by the Remuneration Committee in 2022, where the qualifications and attendance of the members were as follows:

Title	Name	Attendance in Person (B)	Times of Attendance by Proxy	Actual attendance rate (%) (B / A)	Note
Convener	Zhao-Rong Yang	4	0	100	
Members	Po-Chiao Chou	4	0	100	
Members	Xiu-Zong Liang	4	0	100	
Members	Hui-Fen Chan	4	0	100	

Other issues to be recorded:

1. Where the board of directors does not adopt or amend the recommendations of the Remuneration Committee: None.
2. Any objections or qualified opinions made by the members against the resolutions of the Remuneration Committee: None.
3. Date, term, content of proposals, results of resolutions of the most recent annual meeting of the Remuneration Committee:

Date of Resolution of the Remuneration Committee	Proposal content	Resolution results and subsequent processing
3th meeting of the 5th Remuneration Committee 2022.01.19	1. Proposal on the distribution of year-end bonus of managerial officers for 2021.	All the members of the Remuneration Committee have expressed no objection or qualified opinions to the proposals on the left, which have been adopted by all the committee members.
4th meeting of the 5th Remuneration Committee 2022.03.16	1. Proposal on the distribution of the remunerations for directors and employees in 2021. 2. Proposal on changing the Financial Supervisor, Accounting Supervisor and Corporate Governance Supervisor of the Company.	
5th meeting of the 5th Remuneration Committee 2022.08.02	1. Proposal on payment of remunerations for directors of the Company in 2021. 2. Proposal on payment of remunerations for managerial officers and employees of the Company in 110. 3. Personnel - Appointed Hsin-Chin Yeh as General Manager of Taiwan Plant; promoted Sheng-Yen Wu as Vice President of R&D Center.	
6th meeting of the 5th Remuneration Committee 2022.11.01	1. The remuneration of financial and accounting supervisor was submitted for recognition. 2. The adjustment of title of the managerial officer was submitted for recognition.	

(V) Differences between the implementation of sustainable development and the Code of Practice for Sustainable Development of Listed Companies and the reasons

Evaluation Items	State of Operations			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx-Listed Companies and Reasons
	Yes	No	Summary	
I. Has the company established a governance structure to promote sustainable development and set up a special (part-time) unit to promote sustainable development, which is authorized by the Board of Directors to be handled by senior management, and is supervised by the Board of Directors?	V		In 2017, the Company started to focus on the management of sustainable issues and established the Sustainable Development Working Group. The Finance Department, Management Department, Industrial Safety and Health Department, and Legal Department are currently part-time units responsible for promoting sustainable development, with the CEO as the convener and the Head of Corporate Governance coordinating the planning, handling and implementation of sustainable development in accordance with relevant management regulations, so as to implement corporate governance, develop a sustainable environment, uphold social justice, and strengthen the disclosure of information on sustainable development. We expect to review the effectiveness of the current year's operations in the fourth quarter of 2023 and report to the Board of Directors on the results of the implementation of sustainable development.	No major deviations.
II. Has the company assessed the environmental, social, and corporate governance risks related to its operations based on the principle of materiality and established related risk management policies or strategies?	V		(I). Since 2017, the Company has prepared a sustainability report with the risk boundary based on the parent company in Taiwan, and since 2020, the Wuxi plant, Dongguan plant, Guangzhou hardboard and Jiangxi plant have been included in the scope; (II). The Sustainable Development Working Group conducts analysis based on the materiality principle, communicates with internal and external stakeholders, integrates information from various departments and subsidiaries, evaluates ESG issues of materiality, and formulates effective risk management policies and implements specific action plans to reduce the impact of related risks. (III). Based on the assessed risks, the relevant risk management policies or strategies are formulated as described in the item (viii) on page 66 of this annual report. See the Sustainability Report of the Company for details.	No major deviations.
III. Environmental Issues (I). Has the Company established a suitable environmental management system based on the characteristics of its industry?	V		(I). The Company has established a complete written environmental protection policy, and passed the ISO14000 certification, and complies with the provisions of EU RoHS (Restriction of Hazardous Substance). It has established a complete written environmental protection policy, and passed the ISO14000 certification, and complies	No major deviations.

Evaluation Items	State of Operations			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx-Listed Companies and Reasons
	Yes	No	Summary	
			with the provisions of EU RoHS (Restriction of Hazardous Substance). All of our plants have passed ISO14001 certification, which is valid until September 11, 2024, and Hazardous Substance Process Management System Certification (IECQ QC08000). The validity period of the latest certificate is until May 17, 2024. In this way, the Company will continue to carry out environmental management and comply with various environmental protection regulations.	
(II). Is the Company committed to improving energy efficiency and using recycled materials that have a low impact on the environment?	V		(II). The Company is committed to the source improvement and the improvement of the recovery and reuse rate of various resources/energy. For example, the RTO exhaust gas combustion equipment is a highly efficient, energy saving and environmental protection device that can recycle heat energy and remove organic waste gas, solve the air pollution problem and save fuel cost. Please refer to Note 12 of item (viii) on page 65 of this annual report.	No major deviations.
(III). Has the Company evaluated the current and future potential risks and opportunities for the Company arising from climate change and adopted corresponding measures according to aspects related to climate?	V		(III). The Company attaches great importance to issues brought about by climate change. In order to conduct systematic management, the Company has set up an ISO14001 environmental management system to continuously improve its environmental performance by means of PDCA (Plan-Do-Check-Act), and has obtained external third-party verification.	No major deviations.
(IV). Has the Company calculated the greenhouse gas emissions, water consumption, and total weight of waste for the past two years and established the policies with regard to energy conservation and carbon reduction, greenhouse gas reduction, water consumption reduction, and other waste management?	V		(IV). Greenhouse gas energy conservation and carbon reduction management policies: Introduction of ISO 50001 energy management system into each plant The first Wantai Authentication Certificate for Wuxi plant was issued in December 2019; and the Xinpu plant obtained the SGS certificate in November 2020. The Company annually checks greenhouse gas emissions, grasps and proposes feasible plans for greenhouse gas reduction, implements the emission reduction work plan, and actively discloses greenhouse gas management information and energy conservation and carbon reduction	No major deviations.

Evaluation Items	State of Operations			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx-Listed Companies and Reasons
	Yes	No	Summary	
			performance in sustainability reports for the reference of stakeholders. With reference to the planning, development and plant design of the "Key Operation Points on Green Plant Label Promotion" set out by the Bureau of Industry of the Ministry of Economic Affairs, Xinpu Plant promotes energy saving and carbon reduction from both the hardware and software aspects of the plant. The plant is designed to replace heavy oil fuel with natural gas and adopt Regenerative Thermal Oxidizer (RTO) exhaust gas recovery to reduce greenhouse gas emissions. In addition, we can achieve maximum energy saving and carbon reduction in hardware with related energy saving equipment and measures. In terms of software, we continuously track and improve the use of relevant energies and resources through the operation of the environmental management system (ISO14001), declares the energy consumption and energy saving operation plan to the Bureau of Energy, Ministry of Economic Affairs in accordance with the requirement of the Energy Management Act, and carries out internal announcement of the "Operation Standards of Water and Electricity Saving", emphasizing the joint efforts of all staff to achieve energy saving and carbon reduction from daily operations. Water and electricity saving management policies: 1. Promote water-saving management, effectively achieve the water-saving utility of recycling, achieve a recycling efficiency of more than 80%, with recycled water used for toilet flushing. In Taiwan plant, an RO water recovery system was installed in 2020 with the recovery rate of 100%. After RO treatment, the wastewater could be re-circulated as flushing water, air-	

Evaluation Items	State of Operations			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx-Listed Companies and Reasons
	Yes	No	Summary	
			conditioning replenishment system water and planting water, so there is no wastewater discharge from the Taiwan plant since 2021. 2. The energy conservation programs promoted by us in the past two years include the addition of chilled water for main engine (with power saving efficiency of 8.1%) and the replacement of air compressors (with power saving efficiency of 37.5%). 3. Rental of environmentally friendly photocopiers, use of recycled photocopying paper, and use of environmentally friendly toners to reduce the impact on the environment, and continued to promote the use of electronic forms in 2019, reducing the consumption of photocopying paper year by year. Waste management policies: The packaging materials used in production (pallet and copper foil wood box) shall be recycled by the supplier to reduce the cost of new purchase of pallets, copper foils and woods, and reduce the generation of waste. For the greenhouse gas emission, water consumption and waste in the last two years, please see item (viii) (page 65).	
IV. Social Issues (I). Has the Company set up management policy and procedures according to related laws and regulations and the International Human Rights Treaty?	V		(I). In accordance with the Labor Standard Act and relevant laws and regulations, the Company has established the code of practice for employees and CSR policies, and revised the relevant policies to version 7.0 according to the law. We also refer to the Code of Conduct established by the Responsible Business Alliance (RBA) as the standard of internal management. In addition, in order to coordinate labor relations, labor meetings are held regularly or irregularly according to the implementation rules of labor meetings. Relevant labor policies and human right protection are disclosed on the Company's	No major deviations.

Evaluation Items	State of Operations			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx-Listed Companies and Reasons
	Yes	No	Summary	
			official website.	
(II). Has the Company established and implemented reasonable employee's welfare measures (including remuneration, leave, and other benefits) and reflect the operating performance or results in employee's remuneration?	V		(II). The Company has formulated "Work Rules", "Remuneration Management Measures", "Employee Performance Evaluation Management Measures", “Employee Promotion Management Measures", "Employee Reward and Punishment Management Measures" and so on in accordance with relevant laws and regulations. The remunerations of employees shall be paid based on the salary standard, their academic experience, professional knowledge and technical skills, and seniority, regardless of age, gender, race, religion, political stand, and marital status. The remuneration payment standard is determined by reference to the market condition, the Company's operating conditions and organizational structure, and may be adjusted as necessary according to the market wage dynamics, changes in the overall economy and industrial prosperity, and government decrees. Bonus and compensation are based on employee performance evaluation items, including work achievement status, individual key performance indicators (KPI), and individual professional and behavioral achievements, and are handled in accordance with the procedures set forth in the "Regulations on Managing Remuneration" and "Regulations on Managing Employee Performance Evaluation", which shall be approved by the general managers of the plants and then submitted to the CEO for approval. Through the public performance appraisal standard and system, it implements performance management, hoping to integrate the Company's overall operating objectives and the staff's individual work objectives through the performance management operation, as the evaluation and feedback of the annual working performance of employees, and the basis for their follow-up training and development. The main incentive bonus of employees includes: (1) Employees' Remuneration: In order to thank employees for their contributions	No major deviations.

Evaluation Items	State of Operations			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx-Listed Companies and Reasons
	Yes	No	Summary	
			to the Company and share the results of the operation of the Company, the Company's Articles of Incorporation stipulates that at least 2% of the Company's annual profits shall be set aside as employee remuneration to thank their contributions to the Company in the previous year. (2) Year-end bonuses: Year-end bonuses are paid according to the Company's overall operational performance, individual performance and KPI achievement rate. (3) Monthly production performance bonus: Production line employees are evaluated monthly by their supervisor according to their contribution to the production capacity, and incentive bonuses are paid. (4) License allowance: To issue allowances for professional licenses required by the Company. (5) Long service bonus: Long service bonus is granted to employees with core professional and job positions to retain talents and enhance the core competitiveness of the Company. Workplace diversity and equality: To achieve equal pay, equal work and equal promotion opportunities for men and women, and to maintain more than 20% of female executive positions to promote sustainable and inclusive economic growth. The average percentage of female employees was 34% and the average percentage of female supervisors was 25% in 2022. To build a friendly workplace for women and let employees of all genders work with peace of mind. For other related benefits, please refer to the Labor Relations section on pages (103~107) of this annual report.	
(III). Has the company provided employees with a safe and healthy working environment, and routinely implemented safety and health education for employees?	V		(III). The Company regards employees as the biggest asset, and sets the employee safety and health working rules, occupational health and safety management plan, strengthens independent inspection and environmental management, regularly arranges operators to accept internal and external training, annual physical examination, fire management, environmental monitoring of operation and	No major deviations.

Evaluation Items	State of Operations			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx-Listed Companies and Reasons
	Yes	No	Summary	
			so on to improve the performance in environment, safety and health, and, through continuous education, training and publicity, develops the emergency response ability and correct safety concept of employees, strengthens the cognitive ability of employees, reduces the occurrence of accidents caused by unsafe behaviors. The related education and training are as follows: 1. Newcomers' occupational safety and health training: to establish employees' awareness of safety and health. 2. Supervisor's OSH training: to establish the awareness of OSH of supervisors. 3. Newcomers' training on general knowledge on hazards: to establish employees' awareness of chemical hazards and how to use protective equipment. 4. In-service refresher training on labor safety/fire/fire extinguishing/shelter. 5. Semi-annual emergency response drills. 6. Setting AED (Automatic External Defibrillator) in the plant, and holding AED operation training and CPR training. In 2022, the number of injuries in the Group was 7, accounting for 0.20% of the total number of employees at the end of 2022, and the target of 0 injury in the plant was not achieved: 1. We conducted accident investigation, made improvement plans or countermeasures, revised management methods, and enhanced employee education and training to prevent any work-related injuries from happening again. 2. In plants, a return-to-work coordination mechanism has been implemented to enable sick and injured employees to return to their original jobs or to carry out temporary work.	
(IV). Has the Company established an effective competency development career training program for employees?	V		(IV). The Company attaches great importance to the long-term cultivation of talents, and has formulated the "Education and Training Management Procedures" and sound training architecture, irregularly check personnel functions, and has its managers to evaluate the functions and development	No major deviations.

Evaluation Items	State of Operations			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx-Listed Companies and Reasons
	Yes	No	Summary	
			potential of employees, plans the education and training of the next year according to the organization, department and individual needs at the end of each year, arranges the internal and external training plans, and begin to carry out job and occupational skill certification, so as to ensure that the employees can carry out the work in the existing positions, and at the same time develop the professional functions that are necessary for promotion.	
(V). Has the Company complied with relevant regulations and international standards regarding customers' health and safety, customer privacy, marketing and labeling for products and services, and established relevant policy and appeal procedures to protect the rights of consumers and customers?	V		(V). Since the Company's customers are not end-consumers, we have established adequate communication channels and effective ways for the downstream consumers in order to meet the health and safety requirements of end-consumers. We regard the "customer-oriented" as an important management philosophy. In order to achieve the goal, in addition to focusing on product quality, we also provide excellent after-sales services to meet the needs of downstream customers. Telephone number and e-mail, service@iteq.com.tw, have been shown on the website of the Company to deal with any compliants from stakeholders in the first place. It has established a complete written environmental protection policy, and passed the ISO14000 certification, and complies with the provisions of EU RoHS (Restriction of Hazardous Substance). All plants have obtained the certification of IATF 16949 system, the environmental management system (ISO14001), the occupational health and safety assessment system (OHSAS18001) and the hazardous material process management system (IECQ QC08000, continuously performed environmental safety and health management, and complied with the relevant environmental laws and regulations.	No major deviations.
(VI). Has the Company established the	V		(VI). The Company has established a "Supplier	No major

Evaluation Items	State of Operations			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx-Listed Companies and Reasons
	Yes	No	Summary	
management policies for suppliers and required suppliers to comply with relevant requirements in terms of environmental protection, occupational safety and hygiene, or laborers' human rights.			Management Procedure", and each year the Quality Assurance Center convenes an audit team to conduct annual supplier evaluations. All major raw material suppliers are required to undergo reviews, evaluations and audits to control their risks and ensure sustainable management. Supplier quality system requirements: Suppliers of raw materials shall be audited by a third party and pass ISO9001 certification. Suppliers of automotive boards are required to introduce IATF16949 as their goal, and if they fail to do so, they are required to undergo a two-party audit by our Company to promote continuous development towards IATF16949. The Company has participated in the Responsible Business Alliance (RBA) and referred to international standards, to integrate the existing supplier evaluation and audit into its rules, including environmental substance management, plant environmental management, occupational health and safety, labor, and ethics and morality. Suppliers shall fully comply with the laws and regulations of the country/region in which they operate.. Suppliers are also required to communicate this information to their next-tier suppliers and to monitor compliance by the next-tier suppliers. For other related labor rights, please see Note 1 of this annual report.	deviations.
V. Does the Company prepare and publish reports such as its Corporate Sustainability Report to disclose non-financial information of the Company with reference to internationally recognized standards or guidelines for the preparation of reports? Has the company received assurance or certification of the aforesaid reports from a third party accreditation institution?	V		The Company has engaged with PwC Taiwan to assist the introduction of the system, and has been issuing corporate responsibility reports since 2017. Since 2022, the Company has referred to the international guidelines for the preparation of reports to issue Sustainability Reports, which have been audited by SGS Taiwan Ltd., and obtained the intermediate guarantee of Type 1 under the standard of AA1000.	No major deviations.
VI. Where the Company has stipulated its own best sustainability practices according to the "Code of Practice for Sustainable Development of Listed Companies," please describe any differences between the prescribed best practices and the actual activities taken by the company: The board of directors of the Company has passed and established its "Corporate Social Responsibility Best				

Evaluation Items	State of Operations			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx-Listed Companies and Reasons
	Yes	No	Summary	
Practice Principles" in January 2017, and renamed it "Sustainability Best Practice Principles" in November 2022, so there are no major deviations.				
VII. Other important information about the implementation of sustainable development: Sustainability is a mixture of economic responsibility, legal responsibility and moral responsibility. Based on the principle of honest management, the Company starts from small steps to protect the environment and ecology, respect human rights and employee rights, enhance the disclosure and transparency of financial information, strengthen the relationship between stakeholders, protect the rights and interests of consumers, maintain fair competition, and strengthen anti-bribery and corruption prevention. This year, it has donated money to local communities to organize activities, and regularly cooperated with technology university, etc. [Main Public Welfare Activities] 1. 1. In April 2022, at the 25th anniversary of ITEQ Corporation, the Company invited public welfare organizations - Taiwan Visitors Association and Father Dow Social Welfare Foundation, etc.- to join the celebration, so as to support the activities of public welfare organizations with practices. 2. 2. On June 14, 2022, Longnan was hit by a rare flood in history, and enterprises and people from all walks of life donated money and materials to help the people in the disaster area. Our subsidiary, Jiangxi ITEQ Corporation, donated RMB200,000 and all employees raised RMB18,000 to help with the flood relief efforts in Longnan. 3. The sponsorship of STP19 Seed Training Program is NT$120,000 to help outstanding and motivated university students learn the right attitudes and ways of doing things before entering the workplace. 4. We sponsored the sustainability (environment and technology) education project of TPCF (The Printed Circuit Board Environment Public Welfare Foundation) with NT$22,000 to practically implement the training of the next generation. Donation purpose: (1)NT$4,000/show for the campus sharing session with CEOs in primary and middle schools, denoted for two shows. (2) High school technology in Life exploration activity, NT$7,000/activity, denoted for two activities.				

Note 1: Human Rights Policy

In order to protect the rights of all workers, ITEQ Corporation adheres to the labor standards and regulations, and complies with the United Nations Guiding Principles on Business and Human Rights, the International Labor Organization's Declaration on Fundamental Principles and Rights at Work, and the Universal Declaration of Human Rights, among other benchmark international human rights standards. We also follow the Code of Conduct set by the Responsible Business Alliance (RBA) as a benchmark for internal management and to protect the human rights of our employees.

Our Human Rights Management Code:

1. Conducting employee-employer meetings in accordance with the "Regulations for the Implementation of Employee-Employer Meetings"

   Holding quarterly employee-employer meetings with a total of 10 representatives from both parties to discuss and agree on various flexible measures for business operation before implementation. There is also an employee suggestion box in the Company's dining hall. Any relevant issues can be reported through this box for immediate discussion to promote an effective and fair communication mechanism and to foster harmony between the employees and employer to create a win-win situation.

2. To formulate the "Method of Managing Unlawful Infringement in Workplace".

In order to protect all employees from physical or mental abuse and psychological illnesses in the course of performing their duties, we have established related measures to prevent any acts of workplace bullying by our management, and any acts of workplace violence against our employees by fellow employees or by customers, clients, caregivers or strangers.

3. Establishment of RBA Handbook

We are committed to protecting the rights of our employees, ensuring the safety of our workplace and environment, respecting our employees, and taking responsibility for all aspects of our business operations. This statement covers five major aspects: labor, health and safety, environment, ethics, and management systems. The commitment to human rights issues includes the prohibition of forced labor, slavery or human trafficking, child labor, and discrimination and harassment; the provision of fair and appropriate work opportunities and the principle of equal pay for equal work; the protection of employees' rights to freedom of association and collective bargaining; and the establishment of a friendly workplace environment.

4. Training and education for human rights policy

According to the code of conduct of RBA, we conduct annual training and promotion of relevant human rights regulations, and implement them in our plants according to the standards and regulations. Implementation of the RBA Code of Conduct in 2022: The RBA's human rights protection education and training courses were attended by 689 participants and 1,352 hours of classes were provided.

Detection of human rights risks and mitigation measures

Human rights risk assessment is conducted with reference to RBA and workplace health environment conditions, and the degree of impact of risk items on employees is regularly evaluated by the relevant departments, as described below:

Risk Items	Measure	Subject influenced
Child labor	●Child laborers under the age of 16 will not be notified for interview. ●The legal age of the interviewer shall be confirmed before interview. ●At present, no child laborers aged 15-16 are employed by the Company, and the youngest employee is 23 years old.	Candidates who want to work at ITEQ Corporation
Salary and benefits	●Holding employee-employer meeting on the quarterly basis to introduce the labor policies and regulations issued by the government. ●Assessing the influence and adjusting internal regulations as soon as the government amends related policies.	All employees
Work hours	●The work regulations shall specify work hours and overtime work expressly. ●Overtime work is prohibited when the employee's monthly overtime work reaches the legal limit. ●The HR department regularly conducts overtime audits in the attendance system to remind supervisors of the overtime status of employees.	All employees
Employee dining hall hygiene	●Carrying out pre-meal inspection and cleaning every day. ●Strengthening environmental cleaning of the dining hall every week. ●Disinfecting the dining hall every month.	All employees
Forced labor and human trafficking	●Making RBA Handbook to explain the Company's code of conduct regarding free choice of employment and to strictly prohibit human rights violations such as forced labor and human trafficking. ●We respect the rights of our employees and will not withhold any ID certificates of employees, and employees are free to leave.	All employees

Workplace bullying	●Anyone violating the "Declaration on the Prevention of Unlawful Acts of Assault in the Workplace" will be punished in accordance with the relevant disciplinary regulations. ●To formulate the "Method of Managing Unlawful Infringement in Workplace" to protect our employees. ●To establish workplace violence handling process, complaint hotline and internal complaint channels.	All employees
Discrimination	●Recruitment and appointment are based on competencies, without considering age, gender, race, etc. We will not conduct discriminatory medical tests or physical examinations. ●To enable employees to observe their religious beliefs in the course of work, and to arrange space for religious activities on the premises. ●To establish a complete complaint handling mechanism and communication platform to prevent and handle discrimination-related incidents.	All employees

(VI) Implementation of ethical corporate management and deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof

Evaluation Items	State of Operations			Discrepancies with the Ethical Corporate Management of TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary	
I. Formulating policies and plans for Ethical Corporate Management (I). Has the Company established the ethical corporate management policies approved by the Board of Directors and specified in its rules and external documents the ethical corporate management policies and practices and the commitment of the Board of Directors and senior management to rigorous and thorough implementation of such policies?	V		(I). The Company has always adhered to the principle of honest business operation, complied with laws and regulations, implemented corporate governance, and fulfilled its corporate responsibilities. In January 2017, the Company promulgated the "Ethical Corporate Management Best Practice Principles" and the "Operating Guide for Ethical Corporate Management Best Practice Principles Best Practice Principles". The board of directors and senior management have also pledged to actively implement and supervise the implementation of the ethical corporate management policy.	No major deviations.

Evaluation Items	State of Operations			Discrepancies with the Ethical Corporate Management of TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary	
(II). Has the Company established a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within its business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly, which shall at least include the preventive measures specified in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?	V		(II). According to the Ethical Corporate Management Best Practice Principles and the "Operating Guide for Ethical Corporate Management Best Practice Principles Best Practice Principles" promulgated by the Company, it also specifies the contents, handling standards and procedures of dishonest conducts. The company has set up a disciplinary and complaint system which is linked to the employee performance appraisal. In addition, every new employee is required to sign the "Integrity Convention on Employee Practices" to remind colleagues to avoid any breach of integrity. Any employee who breaks will be punished in different degrees according to the seriousness of the circumstances. The Company also encourages internal and external personnel to report dishonest or improper conducts to implement honest operation, and ensures the legitimate rights and interests of the informants and the counterparts.	No major deviations.
(III). Has the company specified in its prevention programs the operating procedures, guidelines, punishments for violations, and a grievance system and implemented them and review the prevention programs on a regular basis?	V		(III). The Company reviews the dishonesty risks that may exist at any time, and formulates in the “Code of Ethical Conduct” that, directors or managerial officers shall be fair to the customers, competitors, and employees of the Company, shall not obtain improper benefits through manipulation, concealment, abuse of information obtained in the course of their positions, misrepresentation of material matters, or other unfair transactions. If involved in unethical conduct, they will be prosecuted or punished by judicial or administrative organs.	No major deviations.
II. Implementing integrity operation (I). Has the company assessed the integrity records of its transaction counterparties, and specified ethical business policy in contracts with them?	V		(I). The Company has specified the incorruptible clause in the commercial contract template. If there is any breach of the incorruptible clause, the total amount of such contract transaction will be charged as punitive liquidated damages.	No major deviations.

Evaluation Items	State of Operations			Discrepancies with the Ethical Corporate Management of TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary	
(II). Has the company set up a dedicated unit under the Board of Directors to promote ethical corporate management and regularly (at least once every year) report to the Board of Directors the implementation of the ethical corporate management policies and prevention programs against unethical conduct?	V		(II). The Company designates the Operation Management Committee as a special unit responsible for promoting the promotion and implementation of the integrity management within the Company. The Company has reported to the board of directors on January 12, 2023 on the implementation and results of the ethical management promotion, and thereafter to report to the board of directors at least once a year on a regular basis to ensure compliance with the Company's Ethical Corporate Management Best Practice Principles.	No major deviations.
(III). Does the Company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement such policy properly?	V		(III). If there is a conflict of interest and it is necessary to withdraw, the relevant party shall withdraw by itself, which has been stipulated in the Ethical Corporate Governance Best Practice Principles, the Code of Ethical Conduct and the Rules of Procedure of the Board of Directors. In case of any violation by directors or managerial officers, the Company shall take disciplinary measures in accordance with relevant regulations.	No major deviations.
(IV). Has the Company established an effective accounting system and internal control systems to implement ethical corporate management, and has the internal audit unit prepared relevant audit plans according to the evaluation results for the risk of unethical conduct, and based on which, audited the compliance with the prevention programs for unethical conduct, or has the Company engaged CPAs for performing such audits?	V		(IV). The Company has established an internal control system, an accounting system and various management rules and regulations, and has implemented the requirements of ethical corporate management. The internal audit unit draws up the audit plan according to the risk assessment result, carries out regular audit operation and special audit from time to time according to the demand, provides improvement suggestions timely to ensure the continuous and effective implementation of the internal control system, and reports the audit results to the Audit Committee and the board of directors.	No major deviations. No major deviations.
(V). Does the Company host routine internal and external training geared towards business integrity practices?	V		(V). As for the internal education and training on honest business practices of the Company, the Company declares the principles of the Company's honest business practices when training new employees, and holds courses	

Evaluation Items	State of Operations			Discrepancies with the Ethical Corporate Management of TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary	
			on corporate governance and honest business practices from time to time, requiring employees to participate in them; As for the external education and training of honest business practices, the Company publicizes the principles of honest business practices to suppliers, customers or other business related organizations and personnel from time to time, so as to prevent dishonest business practices. In addition, in 2022, the Company held internal and external education and training on ethical corporate management (including courses on environmental safety and health, ethical corporate management, information security, accounting system and internal control, etc.), totally 19,026 person-times, 30,126 hours. The implementation was reported to the Board of Directors on January 12, 2023.	
III. Operation of the whistleblowing system (I). Has the company established a specific whistleblowing and reward system, set up convenient whistleblowing channels and designated appropriate personnel? (II). Does the Company establish standard investigation operation and procedure for whistle-blowing matters, follow-up measures to be adopted after the investigation, and relevant confidential mechanisms? (III). Has the Company established protection measures for whistle-blower from mishandling against them?	V V V		(I). (II) The Company has mailbox for stakeholders in the Company's web site, and has employee complaint procedures in the "General Manager Mailbox Management Measures", the "Staff Working Rules", suggestion box and General Manager mailbox in the public area of the Company, provides channels to help employees solve various problems and safeguard the due rights, and strengthens propaganda of morality, encourages reporting to the audit supervisor, managerial officer or other appropriate personnel any violation of the Code of Ethical Conduct and other relevant laws and regulations, and keeps the identity and information of the responders confidential. (III). The Company files and handles any reported case in a confidential manner, and assigns special personnel to handle the case, so as to ensure the privacy of the informant and prevent him from being disposed of improperly.	No major deviations. No major deviations. No major deviations.
IV. Strengthening information disclosure Has the Company disclosed the content and effectiveness of its ethical corporate management best practice principles on its	V		The Company has set up a corporate website and provided annual report information on the website and on the MOPS to reveal the performance of the ethical corporate	No major deviations.

Evaluation Items	State of Operations			Discrepancies with the Ethical Corporate Management of TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary	
website and the Market Observation Post System (MOPS)?			management of the Company.	
V. Where the Company has stipulated its own ethical corporate management best practices according to the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies," please describe any differences between the prescribed best practices and the actual activities taken by the company: The Ethical Corporate Management Best Practice Principles and the Operating Guide for Ethical Corporate Management Best Practice Principles were adopted by the Board of Directors of the Company in January 2017, and were amended by the Board of Directors on November 1, 2022 in accordance with the statutory change, and there were not major deviations in the rules established for day-to-day operation.				
VI. Other important information that facilitates the understanding of the implementation of ethical corporate management (such as review and amendment of the Company's Ethical Corporate Management Best Practice Principles): The Company adheres to principle of integrity when negotiating with customers, performing the contract content, and seeks for, negotiates and performs all contracts in a fair and ethical way. Externally, suppliers are required to sign a “Supplier’s Corporate Social Responsibility Undertaking” and a “Declaration of Integrity”, which cover the requirements of ethical corporate management and corporate social responsibility.				

(VII) Disclosure and inquiry methods of corporate governance code and related regulations

Important regulations	Disclosure and inquiry methods
Articles of Incorporation Rules of Procedure of Shareholders' Meeting Procedures for Election of Directors and Supervisors Rules of Procedure of the Board of Directors Operating Procedures of Endorsement and Guarantee Operating Procedures of Lending Funds to Others Procedures for the Acquisition or Disposal of Assets Rules on the Scope of Responsibilities of Independent Directors Management Measures of Transactions between Related Parties Corporate Governance Best Practice Principles Internal Critical Information Processing Procedures Code of Ethical Conduct Operating Procedures of Application for Suspension and Resumption of Trading Ethical Corporate Management Best Practice Principles Operating Guide for Ethical Corporate Management Best Practice Principles Sustainability Best Practice Principles Standard Operating Procedures for Handling Requests from Directors Performance Evaluation Measures and Procedures of the Board of Directors Method of Preventing Insider Trading	Market Observation Post System: http://mops.twse.com.tw Inquire in “Corporate Governance” zone Company website: http://www.iteq.com.tw Inquire in Investor Regulations / “Important Regulations”

(VIII) Other material information that can enhance the understanding of the state of Corporate Governance at the Company:

1. Employee rights and employee wellness:
   The Company has deepened its understanding of the diversity of the workplace (culture and gender), formulated the best action plan, and respected the freedom of assembly and association of workers and the right to negotiate between employers and employees. It has also established an Employee Welfare Committee and implemented a pension system and encouraged employees to participate in various training courses and technical seminars at home and abroad, planned employee group insurance and arranged regular health examinations, attached importance to labor relations, provided equal employment opportunities, and established communication channels for employees to encourage employees to communicate directly with management.

2. Investor Relations
   The Company has a spokesman and an acting spokesman, and has set up a shareholder Q&A function on the company website (distinguishing relevant businesses, financial and other investor mailbox and stock affair agency contact method) as the channel for the Company to express opinions or reply to investors' questions. If necessary, you can contact by telephone or E-mail at any time.

3. Supplier Relations
   Adhering to the spirit of voluntary carbon reduction, the Company has started continuous promotion of quality and the environment and material management system

several years ago, established good communication channels with suppliers, performed relevant certification and investigation to learn about the promotion situation and plan execution, and extended the responsibilities upwards and downwards, requiring suppliers to keep supply quality in line with the green environmental protection laws and regulations and international rules, actively expanding the important certification applications essential for the market, and jointly promoting the enterprise level.

4. Rights of stakeholders:
   The Company has established “Transaction Management Measures for Related Parties” and the "Processing Procedures for Internal Critical Information” to strengthen the rigor of Internal control. The directors, managerial officers and employees of the Company that may obtain material internal information of the Company due to their identity, occupation or control relationship, have all performed their duties of loyalty and care as good managers, carried out their business with a high degree of self-discipline and prudence, and strictly abode by the relevant regulations of the relevant competent authorities on the handling, disclosure and confidentiality of material information, and implemented the spokesperson system and set up dedicated personnel to dispose of major internal information, so as to improve the relationship between stakeholders. In addition to the priority to express their opinions on the Company’s operating performance, the shareholders also respect and try to satisfy the requirements of all stakeholders (shareholders, employees, customers, suppliers, and community).

5. Refresher training of directors (2022)

Title	Name	Date of Professional Training	Organizer	Course Name	Training Hours
Chairman	Chin-Tsai Chen	2022.03.18	Taiwan Corporate Governance Association	ESG Reporting Trends and Business Implications	3
Chairman	Chin-Tsai Chen	2022.05.12	Taiwan Corporate Governance Association	The path of information security governance under the legal compliance challenge	1.5
Chairman	Chin-Tsai Chen	2022.06.28	Taiwan Institute of Directors	2022 Annual Meeting of TID, Exploring the Core Competencies of the Next Generation in An Era of Dramatic Change	3
Chairman	Chin-Tsai Chen	2022.10.27	Taiwan Insurance Institute	Issue 13, 2022 - IFRS 17 Competitive Blueprint and Sustainable Development	3
Directors	Hsin-Hui Tsai	2022.03.10	QIC, Georgeson and Taiwan Stock Exchange	"International Perspectives on Independent Directors and Board Oversight" Online Seminar	1
Directors	Hsin-Hui Tsai	2022.05.20	Securities and Futures Institute	2022 Annual Insider Trading Prevention Seminar	3
Directors	Hsin-Hui Tsai	2022.10.25	Taiwan Academy of Banking and Finance	Corporate Governance Seminar - No.150	3
Directors	WIN Semiconductors Corp., Representative: Ching-Chou Tseng	2022.03.10	QIC, Georgeson and Taiwan Stock Exchange	"International Perspectives on Independent Directors and 2022 Shareholders' Meeting" Online Seminar	1
Directors	WIN Semiconductors Corp., Representative: Ching-Chou Tseng	2022.03.18	Taiwan Corporate Governance Association	ESG Reporting Trends and Business Implications	3
Directors	WIN Semiconductors Corp., Representative: Ching-Chou Tseng	2022.05.04	Taiwan Stock Exchange and Taiwan Corporate Governance Association	International Twin Peaks Online Forum	2
Directors	WIN Semiconductors Corp., Representative: Ching-Chou Tseng	2022.07.20	Taiwan Stock Exchange and Over-the-Counter Securities Trading Center	Sustainable development path map industry theme promotion meeting	2
Directors	WIN Semiconductors Corp., Representative:	2022.08.12	Taiwan Corporate Governance	The key to sustainable business - external innovation	3

Title	Name	Date of Professional Training	Organizer	Course Name	Training Hours
	Ching-Chou Tseng		Association		
Independent Director	Zhao-Rong Yang	2022.05.20	Securities and Futures Institute	2022 Annual Insider Trading Prevention Seminar	3
Independent Director	Zhao-Rong Yang	2022.08.05	Taiwan Corporate Governance Association	Corporate Governance and Securities Regulations	3
Independent Director	Zhao-Rong Yang	2022.08.30	Taiwan Corporate Governance Association	Evaluation and execution of M&A from a legal perspective	3
Independent Director	Zhao-Rong Yang	2022.09.16	Securities and Futures Institute	The financial information that directors are most likely to overlook	3
Independent Director	Zhao-Rong Yang	2022.09.23	Taiwan Corporate Governance Association	The Virtual World Explosion: The Future of the Metaverse and Cryptocurrency Blockchain	3
Independent Director	Po-Chiao Chou	2022.08.30	Taiwan Corporate Governance Association	Evaluation and execution of M&A from a legal perspective	3
Independent Director	Po-Chiao Chou	2022.10.19	Taiwan Corporate Governance Association	The 18th (2022) Corporate Governance Summit - Enhancing Directors' Functions and Implementing Sustainable Corporate Governance	3
Independent Director	Xiu-Zong Liang	2022.10.19	Taiwan Corporate Governance Association	The 18th (2022) Corporate Governance Summit - Enhancing Directors' Functions and Implementing Sustainable Corporate Governance	3
Independent Director	Xiu-Zong Liang	2022.12.20	Taiwan Corporate Governance Association	Prevention before it happens - the importance of enterprise risk management	3
Independent Director	Hui-Fen Chan	2022.03.10	QIC, Georgeson and Taiwan Stock Exchange	"International Perspectives on Independent Directors and Board Oversight" Online Seminar	1
Independent Director	Hui-Fen Chan	2022.05.04	Taiwan Stock Exchange, Alliance Advisors and Taiwan Corporate Governance Association	International Twin Peaks Online Forum	2

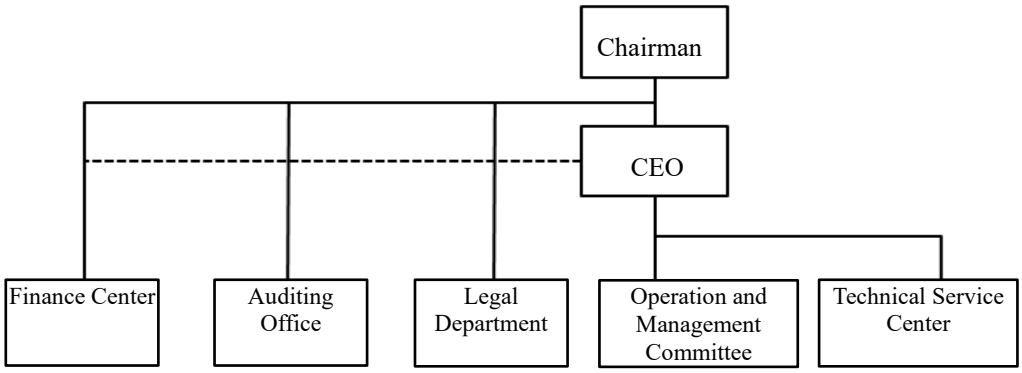
Note: All of the above are in line with the duration, scope, system, arrangement and information disclosure of the training courses specified in the “Key Points for the Training of Directors and Supervisors of TWSE/GTSM Listed Companies”.

6. Risk management policy and state of implementing risk impact standards:

(1) Risk management policy

With reference to the professional technology and concepts of risk assessment at home and abroad, the Company actively implements risk prevention and loss control, uses effective risk management system and organizes all employees to participate in education and training, performs continuous improvement with zero risk as the ultimate goal. For other details, please refer to the “Risk Issues” (page 125) in the section “Review and Analysis of Financial Conditions and Operating Results and Risk Issues”.

(2) The Organizational Structure of Risk Management



To effectively promote the risk management of the Company, in accordance with the nature of various departments, the Company regularly and irregularly holds meetings, weekly supervisor meetings and monthly and quarterly business review meetings to conduct risk assessment, prevention and loss control analyses, and sets objectives and targets according to the analysis results, proposes improvement plans, which, after checking by top executive, are submitted to the various units to perform management review, and regularly tracks the implementation status of the plans and reports the implementation progress to the board of directors.

The powers and responsibilities of the risk management executing units are as follows:

Unit	Responsibility
CEO	Short, medium and long-term development strategy, project, planning and management analysis.
Operation and Management Committee	Coordinate product manufacturing and production scheduling control, material supply and demand planning to ensure the stability of product supply. Coordinate the procurement of raw materials and production equipment, import and export bonded business, overall management of the personnel and administration of the Company, and be responsible for network planning, operation and maintenance of network quality to reduce network operation risk.
Technical Service Center	Responsible for marketing strategy, customer service and product promotion, keeping track of market trends, providing market and technical information for future research and development of new products and formulation of business strategies to reduce business operation risks. Responsible for product quality verification and new product and material development.
Auditing Office	Responsible for the revision and promotion of internal control system and strengthening self-check function to strengthen the function of internal control.
Finance Center	Responsible for financial scheduling and application, group credit risk control, new investment project evaluation and strategic planning, and establishing hedging mechanism to reduce financial risks.
Legal Department	Abide by government regulations, be responsible for legal risk management, and deal with contract and litigation disputes to reduce legal risk.

7. Implementation of customer policies
   Maintain a stable and good relationship with customers, understand customers' needs, adjust related operating standards according to their needs, and cooperate with customers for continuous audit and improvement, so as to ensure that customers' needs are met, and create company profits and achieve win-win goals.

8. Implementation of diversity of board members
   The Company's "Corporate Governance Best Practice Principles" has specified that the composition of the Board of Directors shall be diversified and
   appropriate diversity guidelines shall be made for its operation, business models and development needs.
   The Company's Board of Directors consists of nine directors. The Board of Directors as a whole is capable of meeting the needs of the Company's future development and implementing the Company's policy of diversifying its Board of Directors, with the goals of having at least two female directors and at least two independent directors whose terms of office do not exceed nine years, and no more than one-third of the directors with employee status. The diversity of all directors is as follows:
   V 29% of directors are women and 71% are men (target achieved)
   V The terms of office of both 2 independent directors do not exceed 9 years(target achieved)
   V Proportion of directors with employee status was 14% (target achieved)
   V Two directors aged 70 or older, two aged 60 to 69, and three aged 50 to 59

Title	Name	Nationality	Gender	Age	Diversity program						Employee status
					Operation and Management	Industrial Knowledge	Finance and Law	Industrial Technology	Marketing	Information technology	
Chairman	Chin-Tsai Chen	ROC	Male	Over 70	✓	✓	✓		✓		
Directors	Hsin-Hui Tsai	ROC	Female	50-59 years old	✓	✓	✓		✓		✓
Directors	Ching-Chou Tseng	ROC	Male	50-59 years old	✓	✓	✓		✓		
Independent Director	Zhao-Rong Yang	ROC	Male	60-69 years old	✓	✓	✓		✓		
Independent Director	Po-Chiao Chou	ROC	Male	Over 70	✓	✓	✓		✓		
Independent Director	Xiu-Zong Liang	ROC	Male	60-69 years old	✓	✓		✓	✓	✓	
Independent Director	Hui-Fen Chan	ROC	Female	50-59 years old	✓	✓	✓				

9. Circumstances in which the Company purchases liability insurance for group directors and supervisors

Insured objects	Insurer	Insured amount (Note)	Insurance period
The current directors of the Company (including the natural person representatives of corporate directors), managerial officers and key officers of the Company (including directors or key officers appointed by the Company to external bodies).	Fubon Insurance Co., Ltd.	USD 15 million	January 1 to December 31, 2022

Note: Each claim and the cumulative total of the year.

10. Participation of managerial officers in refresher education and training related to corporate governance

Title	Name	Date of Professional Training	Organizer	Course Name	Training Hours
CEO and General Manager	Hsin-Hui Tsai	2022.05.20	Securities and Futures Institute	2022 Annual Insider Trading Prevention Seminar	3
CEO and General Manager	Hsin-Hui Tsai	2022.10.25	Taiwan Academy of Banking and Finance	Corporate Governance Seminar - No.150	3
Accounting Supervisor	Jung-Tsan Chou	2022.08.29~ 2022.08.30	Accounting Research and Development Foundation, the Republic of China	Continuing Training Class for Principal Accounting Officers of Issuers, Securities Firms, and Securities Exchanges	12
Agent of Accounting Supervisor	Chen-Hsiu Yeh	2022.11.17~ 2022.11.18	Accounting Research and Development Foundation, the Republic of China	Continuing Training Class for Principal Accounting Officers of Issuers, Securities Firms, and Securities Exchanges	12
Chief Corporate Governance Officer	Jung-Tsan Chou	2022.10.12	Securities and Futures Institute	Legal Compliance Briefing on Insider Stock Transactions in 2022	3
Chief Corporate Governance Officer	Jung-Tsan Chou	2022.10.19	Taiwan Corporate Governance Association	The 18th (2022) Corporate Governance Summit - Enhancing Directors' Functions and Implementing Sustainable Corporate Governance	6
Chief Corporate Governance Officer	Jung-Tsan Chou	2022.10.28	Securities and Futures Institute	2022 Annual Insider Trading Prevention Seminar	3
Chief Corporate Governance Officer	Jung-Tsan Chou	2022.11.13~ 2022.11.14	Taiwan Stock Exchange	2022 Cathay Pacific Summit on Sustainable Finance and Climate Change	6
Audit Supervisor	Li-Pao Hsieh	2022.09.20	Internal audit association	A Practical Study on "Information Security" and "Cloud Security" Auditing	6
Audit Supervisor	Li-Pao Hsieh	2022.10.14	Internal audit association	Use of digital technology to investigate and improve operational processes and fraud detection	6

11. Implement audit and self-inspection

The Company follows the laws and regulations to establish a complete internal control system which has been effectively implemented. The Audit Office implements and measures the effectiveness and compliance degree of the current control system and procedures according to the internal audit operation standards. The scope includes the relevant operations of the Company and its subsidiaries; Each unit of the Company also implements the good management responsibility and regularly handles the self-evaluation and improvement of internal control system.

The audit is carried out in accordance with the audit plan approved by the board of

directors, and special audit is carried out as necessary; integrating the results of the planned and specific audits, the Company provides the information on the operational status of internal control and the existing deficiencies or potential risks of the management, so as to enhance the competitiveness of the Company, ensure the continuous and effective implementation of the internal control system, and serve as the basis for evaluating and revising the internal control system.

12. The Company's greenhouse gas emissions, water consumption and total weight of waste for the last three years

Item / Year	Greenhouse gas (tons of CO_2)		Water consumption (tons)	Waste (tons)		
	Scope 1	Scope 2		Ordinary solid waste	Hazardous waste	Recyclable waste
2020	31,396.5	97,318.3	595,244	5,235.3	2,789.8	2,939.3
2021	36,399.1	118,147.4	731,967	5,672.0	3,439.1	4,722.5
2022	39,476.9	128,625.6	752,627	5,926.0	3,497.6	4,899.9

Note 1. Statistics are for the Taiwan plant, Wuxi plant, Dongguan plant, Guangzhou hardboard plant and Jiangxi plant. Due to the continuous expansion of the Jiangxi plant and the demand for production capacity, total energy consumption increased.

Note 2. The Jiangxi plant has been included in the statistics since 2021.

13. Implementation of systems the plants of the Group

ISO 45001: 2018 Occupational Safety and Health Management System

Plant	Xinpu Plant	Dongguan Plant	Guangzhou Plant	Huangjiang Factory	Jiangxi Plant
Effective term	2024.01.11	2023.12.01	2023.06.07	2024.06.14	2023.09.15

Five of the Group's six plants have already passed the ISO45001 occupational safety and health management system certification, with a coverage rate of 83%. The Wuxi plant has not yet fully met the requirements for system certification, and will be gradually certified according to the system provisions.

ISO 14001: 2015 Environmental Management System

Plant	Xinpu Plant	Wuxi Plant	Dongguan Plant	Guangzhou Plant	Huangjiang Factory	Jiangxi Plant
Effective term	2024.03.26	2024.09.11	2023.12.01	2023.05.24	2024.06.16	2023.09.15

All of the Group's plants have passed the ISO14001 environmental management system, with a 100% coverage rate.

ISO 50001: 2018 Energy Management System

Plant	Xinpu Plant	Wuxi Plant	Jiangxi Plant
Effective term	2023.11.12	2025.12.22	2026.02.19

Three of the Group's six plants have passed the ISO 50001 energy management system certification, with a coverage rate of 50%. The other two plants have not yet fully met the requirements for system certification, and will be gradually certified according to the system provisions.

14. The Company has established relevant risk management policies or strategies

Orientation	Significant Issues	Risk Management Description
Environment	Air Pollutant Management	1. Set up the "Exhaust Treatment Practice". 2. Comply with regulatory emission standards and emission controls. 3. Commit to a short-term goal of >96% RTO removal by 2021 emission standards. 4. Regular implementation of emission port measurement and perimeter environmental monitoring. 5. In response to net zero by 2050, greenhouse gas inventories are being carried out. Mainland China plant: Except for ITEQ (Huangjiang) plant, which has not been fully implemented, all other subsidiaries have conducted audit planning and are expected to complete ISO14064 internal inventory and external verification in the second quarter of 2023. Taiwan plant: External verification is expected to be completed in the second quarter of 2026.
	Environmental Compliance	1. Environmental regulations are implemented, and indicators are set to regularly track performance and achievement rates to ensure the implementation of policies. 2. Complying with the ISO 140001 Environmental Management Policy. 3. Referring to the Plan-Do-Check-Action (PDCA) principle to continue to collect information.
Society	Occupational Health and Safety	1. Introduce ISO 45001 safety and health management system and invest capital to improve the safety of the working environment. 2. Hold regular fire drills and industrial safety education training every year to cultivate employees' ability of emergency response and self-safety management.
Corporate governance	Integrity operation	1. Establish the "Code of Integrity Practice Guidelines" as the specific implementation guidelines for the Code. 2. Communication boxes are set up to encourage employees and external parties to make suggestions on matters of integrity in the management of the Company.
	Information security	1. Implement compliance with information security-related laws and regulations. 2. VPN two-factor authentication, encryption of confidential files, prohibition of IM file transfer, offline backups, and guidance on how to avoid falling into phishing traps and scams. 3. Planning to initiate the ISO 27001 (system side) information security introduction project.

(IX) Implementation of internal control system

1. Statement on Internal Control System: see Appendix II (page 136) for details.
2. Any CPA commissioned to conduct a project review of the ICS shall disclose the CPA's audit report: None.

(X) If the Company and its internal personnel is punished, or the Company imposes punishment upon its internal personnel for violation of internal control system in the most recent year and up to the date of the publication of the annual report, and the penalty result may have a significant impact on shareholders' equity or securities price, the content of punishment, major deficiency and improvement shall be specified: none.

(XII) Significant resolutions made at shareholders' meeting and board meeting in the most recent fiscal year up to the publication date of this annual report

1. Resolutions and implementation of the shareholders' meeting on June 14, 2022:

Material resolutions of the shareholders' meeting	Resolution result/election result	Status of execution
Ratifications: I. 2021 business report, financial statement, and earnings distribution statement.	After the voting, the votes of assent exceeded the statutory amount, and the proposal is adopted as the case.	The major news announcement of the shareholders' meeting on that day is an important resolution of the shareholders' meeting and disclosed on the company's website. July 7, 2022 was set as the base date for the dividend and the cash dividends were paid on August 4, 2022. (The cash dividend is NT$5 per share.)
Discussions: I. Amendment to the "Articles of Incorporation".	After the voting, the votes of assent exceeded the statutory amount, and the proposal is adopted as the case.	Subject to the revised "Articles of Association", which has been registered and approved by the Ministry of Economic Affairs on June 23, 2022 in the letter No. 11101110940, and disclosed on the company website and the Market Observation Post System.
II. Amendment to the "Rules and Procedures of the Shareholders' Meeting"	After the voting, the votes of assent exceeded the statutory amount, and the proposal is adopted as the case.	The major news announcement of the shareholders' meeting on that day is an important resolution of the shareholders' meeting and disclosed on the company's website. The amended procedures shall apply.
III. Amendment to the "Procedures for the Acquisition or Disposal of Assets".	After the voting, the votes of assent exceeded the statutory amount, and the proposal is adopted as the case.	

2. The following is a summary of the important resolutions of the board of directors of the Company in 2022 as of the date of publication of the annual report:

Session and date of resolution	Important resolution content	Status of execution
9th Board of Directors 4th Meeting 2022.01.19	1. Passed the group endorsement and guarantee, fund lending situation by the end of December, 2021. 2. Passed the proposal on applying for credit lines with banks. 3. Passed the subsidiary's annual audit plan for 2022. 4. Passed the ITEQ Group's annual operating budget for 2022. 5. Passed the proposal on the ITEQ Group's capital expenditures in 2022. 6. Passed the proposal on the additional provision of capital expenditures of each plant and the increase of original budget in 2021. 7. Passed the proposal on disposal of fixed assets. 8. Passed the proposal on the distribution of year-end bonus of managerial officers for 2021.	Follow the resolution result.
	1. Passed the group endorsement and guarantee, fund lending situation by the end of January 2022. 2. Passed the proposal on the construction of a parking shed on the east side of ITEQ Corporation's main entrance and the	Follow the resolution result. The major information announcement of the

Session and date of resolution	Important resolution content	Status of execution
9th Board of Directors 5th Meeting 2022.03.16	donation of funds. 3. Passed the proposal on the additional provision of capital expenditures of each plant and the increase of original budget in 2022. 4. Passed the proposal on applying for credit lines with banks. 5. Passed the proposal on the "Evaluation on the Effectiveness of Internal Control System" and the "Statement on Internal Control" for 2021. 6. Passed the proposal on the amendments to certain provisions of the Company's "Corporate Governance Best Practice Principles". 7. Passed the amendment to certain articles in the “Articles of Association”, the “Rules of Procedure of Shareholders’ Meeting”, and the "Procedures for the Acquisition or Disposal of Assets". 8. Passed the proposal on the distribution of the remunerations for directors and employees in 2021. 9. Passed the proposal on the consolidated financial statements and individual financial statements of 2021. 10. Passed the Company's 2021 Business Report. 11. Passed the proposal on the earning distribution for 2021. 12. Passed the proposal on the time, place and cause of convening the general meeting of shareholders of 2022. 13. Passed the proposal on changing the Financial Supervisor, Accounting Supervisor and Corporate Governance Supervisor of the Company.	board of directors on that day is an important resolution of the board of directors and was disclosed on the Market Observation Post System.
9th Board of Directors 6th Meeting 2022.05.03	1. Passed the group endorsement and guarantee, fund lending situation by the end of March 2022. 2. Passed the proposal on the additional provision of capital expenditures of each plant and the increase of original budget in 2022. 3. Passed the proposal on applying for credit lines with banks. 4. Passed the proposal on changing CPAs of the Company according to the internal adjustment of the CPA firm. 5. Passed the proposal on the independence and competence evaluation of the CPAs. 6. Passed the proposal on the appointment of CPAs and the payment of the audit service fee of the Company in 2022 7. Passed the consolidated financial statements for the first quarter of 2022. 8. Passed the proposal on applying for credit lines with banks. 9. Passed the proposal on establishment of the Method of Preventing Insider Trading. 10. Passed on proposal on the schedule plan of "Greenhouse Gas Information Inventory and Verification" for the Company.	Follow the resolution result. The major information announcement of the board of directors on that day is an important resolution of the board of directors and was disclosed on the Market Observation Post System.
9th Board of Directors 7th Meeting	1. Passed the proposal on the 14th repurchase of the Company’s shares to maintain the credits of the Company and the rights of shareholders.	Follow the resolution result. The major information announcement of the board of directors on that

Session and date of resolution	Important resolution content	Status of execution
2022.07.08		day is an important resolution of the board of directors and was disclosed on the Market Observation Post System.
9th Board of Directors 8th Meeting 2022.08.02	1. Passed the group endorsement and guarantee, fund lending situation by the end of June 2022. 2. Passed the proposal on the additional provision of capital expenditures of each plant and the increase of original budget in 2022. 3. Passed the proposal to donate RMB 200,000 to assist in the flood relief efforts in Longnan through the subsidiary, Jiangxi ITEQ. 4. Passed the proposal on applying for credit lines with banks. 5. Passed the consolidated financial statements for the second quarter of 2022. 6. Passed the proposal on amendments to some articles of the "Operating Procedures of Lending Funds to Others" and the "Operating Procedures of Lending Funds of Subsidiaries and Grandchild Companies to Others". 7. Passed the amendments to some articles of the "Standard for Internal Audits" 8. Passed the 2022 Annual Audit Plan - Revision of audit period of the No. IT11110 information and communication security inspection. 9. Passed the proposal on payment of remunerations for directors of the Company in 2021. 10. Passed the proposal on payment of remunerations for managerial officers and employees of the Company in 2021. 11. Passed the personnel appointment proposal - To appoint Hsin-Chin Yeh as the general manager of the Taiwan Plant, promote Sheng-Yen Wu as the deputy general manager of the R&D center, and promote Tao-Chun Liu as the general manager of the marketing OEM technology center in the mainland China.	Follow the resolution result. The major information announcement of the board of directors on that day is an important resolution of the board of directors and was disclosed on the Market Observation Post System.
9th Board of Directors 9th Meeting 2022.08.23	1. Passed the proposal on establishment of the Regulations on Managing Business Secrets. 2. Passed the proposal on the 15th repurchase of the Company's shares to maintain the credits of the Company and the rights of shareholders. 3. Passed the proposal on changing the Financial Supervisor, Accounting Supervisor and Corporate Governance Supervisor of the Company.	Follow the resolution result. The major information announcement of the board of directors on that day is an important resolution of the board of directors and was disclosed on the Market Observation Post System.
	1. Passed the group endorsement and guarantee, fund lending situation by the end of September 2022. 2. Passed the proposal on the additional provision of capital expenditures of each plant and the increase of original budget in 2022. 3. Passed the proposal on applying for credit lines with banks.	Follow the resolution result. The major information announcement of the board of directors on that day is an important resolution of the board of

Session and date of resolution	Important resolution content	Status of execution
9th Board of Directors 10th Meeting 2022.11.01	4. Passed the proposal on recognition of the remuneration of financial and accounting supervisor. 5. Passed the proposal on recognition of the adjustment of title of the managerial officers. 6. Passed the proposal to set the base date for treasury stock reduction. 7. Passed the consolidated financial statements for the third quarter of 2022. 8. Passed the proposal on the amendments to certain provisions of the Company's "Code of Procedure for Board Meetings", "Code of Corporate Social Responsibility", "Corporate Governance Best Practice Principles" and "Procedures for Handling Internal Material Information". 9. Passed the proposal on the amendments to some provisions of the Corporation's "Ethical Corporate Management Best Practice Principles" and "Operating Guide for Ethical Corporate Management Best Practice Principles". 10. Passed the Company's annual audit plan for 2023.	directors and was disclosed on the Market Observation Post System.
9th Board of Directors 11th Meeting 2023.01.12	1. Passed the group endorsement and guarantee, fund lending situation by the end of November, 2022. 2. Passed on the proposal on the Company's charitable contributions and political contributions. 3. Passed the proposal on applying for credit lines with banks. 4. Passed the proposal on the additional provision of capital expenditures of each plant and the increase of original budget in 2022. 5. Passed the proposal on changing CPAs of the Company according to the internal job adjustment of the CPA firm. 6. Passed the proposal on the independence and competence evaluation of the CPAs. 7. Passed the subsidiary's annual audit plan for 2023. 8. Passed the proposal on the adjustment of "Group Organization Structure" and the amendment of some of the authorities of "Vetting Authority Management Regulations" 9. Passed the ITEQ Group's annual operating budget for 2023. 10. Passed the proposal on the ITEQ Group's capital expenditures in 2023. 11. Passed the proposal on the distribution of year-end bonus of managerial officers for 2022. 12. Passed the proposal to invest in a new factory in Thailand.	Follow the resolution result. The major information announcement of the board of directors on that day is an important resolution of the board of directors and was disclosed on the Market Observation Post System.
	1. Passed the group endorsement and guarantee, fund lending situation by the end of January 2023. 2. Passed the proposal on the additional provision of capital expenditures of each plant and the increase of original budget in 2023. 3. Passed the proposal on applying for credit lines with banks. 4. Passed on proposal on the schedule plan of "Greenhouse Gas Information Inventory and Verification" for the subsidiaries. 5. Passed the proposal on the "Evaluation on the Effectiveness of Internal Control System" and the "Statement on Internal	Follow the resolution result. The major information announcement of the board of directors on that day is an important resolution of the board of directors and was disclosed on the Market Observation Post System.

Session and date of resolution	Important resolution content	Status of execution
9th Board of Directors 12th Meeting 2023.03.07	Control" for 2022. 6. Passed the proposal on the amendments to certain provisions of the "Regulations Governing Capital Expenditure" and "Regulations Governing Derivative Transactions" of the Company. 7. Passed the proposal on the Company's change of accounting firm and certified public accountants from the first quarter of 2023. 8. Passed the proposal on the evaluation of the independence and suitability of certified public accountants. 9. Passed the proposal on the appointment of CPAs and the payment of the audit service fee of the Company in 2023. 10. Passed the proposal on the addition of the Company's "Operation Method for Pre-Approved Non-Confirmation Service Policy". 11. Passed the proposal on the distribution of the remunerations for directors and employees in 2022. 12. Passed the proposal on the consolidated financial statements and individual financial statements of 2022. 13. Passed the Company's 2022 Business Report. 14. Passed the proposal on the earning distribution for 2022. 15. Passed the proposal on the time, place and cause of convening the general meeting of shareholders of 2023. 16. Passed the proposal on the investment plan for the Thailand plant.	

(XIII) In the most recent year and as of the publication date of this report whether there are Directors having different opinions on the important resolutions passed by the Board of Directors with records or written announcements: None.

(XIV) Summary of the resignation and dismissal of the Company's Chairman, President, Accounting Officer, Financial Officer, Head of Internal Audit, Head of Corporate Governance and Head of Research and Development:

Title	Name	Date of Assumption of Duty	Date of Termination	Reasons for Resignation or Termination
Accounting Supervisor/ Financial Supervisor/ Chief Corporate Governance Officer	Jung-Tsan Chou	2015.03.19	2022.03.16	Title Adjustment
Accounting Supervisor/ Financial Supervisor/ Chief Corporate Governance Officer	Chun-Jen Huang	2022.03.16	2022.08.23	Title Adjustment

IV. Information on professional fees for CPA

Unit: NT$ 1,000

Independent Auditors' Report Name of accounting firm	Name of CPA		CPA audit period	Audit Fees	Non-Audit Fees	Total	Note
Deloitte Taiwan	Cheng-Hsiu Yang	Kuan-Hao Li	2022.01.01 ~ 2022.09.30	5,150	550	5,700	Transfer pricing, Master files of the Group
	Kuan-Hao Li	I-Ch'i Ch'ien	2022.10.01 ~ 2022.12.31				

Note 1. The company does not have the following circumstances mentioned in Article 10, Paragraph 4 of the Guidelines for Publicly Issuing Annual Reports of the Company:

(1) In the case of changing an accounting firm and the audit fees paid in the year of the change are less than those in the year preceding the change, the decreased amount of audit fees shall be disclosed: None.

(2) Where accounting fee paid for the year was more than 10% of the previous year, the sum, proportion, and cause of the reduction shall be disclosed: None.

V. Information on Replacement of CPA:

(I) Information on the previous CPA

Date of change	Passed by the Board of Director on May 3, 2022, January 12, 2023 and March 7, 2023		
Replacement reasons and explanations	To response to the internal organizational adjustment of Deloitte Taiwan, the CPA of the financial statements of the first quarter of 2022 was changed from Cheng-Hsiu Yang to Kuan-Hao Li, which was approved by the Board of Directors on May 3, 2022. To response to the internal organizational adjustment of Deloitte Taiwan, the CPAs of the financial statements of the 4th quarter of 2022 were changed to Kuan-Hao Li and I-Ch'i Ch'ien , which was approved by the Board of Directors on January 12, 2023. For the future operation, development and management of the Company, the CPA firm for the financial statements of the Company from the 1st season in 2023 was changed to KPMG Taiwan and the CPAs were changed to Chia-Chien T'ang and Ya-Lin Chen, which was approved by the Board of Directors on March 7, 2023.		
Whether the authorizing party terminates the authorization or the CPA rejects it	Related Parties / Information	Independent Auditors' Report	The authorizing party
	Voluntary Termination of the authorization	Not applicable	Not applicable

	Reject the (continuing) authorization	Not applicable	Not applicable
The opinions and reasons in the signed and issued audit reports which were not "no reservations" in the last two years	Not applicable		
Whether there are different opinions with the issuer	None	Accounting principles or practices	
	None	Disclosure of financial statements	
	None	Scope or procedure of auditing	
	None	Others	
Other Disclosures (Disclosure according to subparagraph 1-4 to 1-7 of Article 10-6)	None		

(II) About the successor CPA

Name of accounting firm	KPMG Taiwan
Name of CPA	CPA Chia-Chien T'ang, CPA Ya-Lin Chen
Date of Appointment	Passed by the Board of Directors on March 7, 2023
Prior to the appointment, consultation should be made on the accounting treatment or principles for specific transactions and on the possible issuance of opinions on financial reports and the results thereof	Not applicable
Written opinion of the successor accountant on matters on which the predecessor accountant disagreed	Not applicable

(III) The predecessor accountant's response to the third bullet point of paragraph 6(1) and (2) of Article 10 of this Standard: Not applicable.

VI. Where the Company's Chairman, General Manager, or managerial officers from finance or accounting departments who have worked in the CPAs' audit firm or its affiliate companies in the last fiscal year: None.

VII. Equity Transfer or Changes in Equity Pledge of Directors, Managerial Officers, and Shareholders with Shareholding Percentage of 10% or More

(I) Change in the equities of the directors, managerial officers and substantial shareholders

Unit: Shares

Title	Name	2022		As of April 1, 2023	
		Increase (Decrease) in Shares Held	Increase (Decrease) in Shares Pledged	Increase (Decrease) in Shares Held	Increase (Decrease) in Shares Pledged
Chairman	Chin-Tsai Chen	294,000	1,500,000	—	(900,000)
Directors	Hsin-Hui Tsai	54,000	—	—	—
Directors	WIN Semiconductors Corp.	—	—	—	—
	Representative: Ching-Chou Tseng	—	—	—	—
Directors	Fu-Cun Development Co., Ltd.	(211,000)	—	Not applicable	Not applicable
	Representative: Shih-Fang Cheng	—	—	Not applicable	Not applicable
Directors	Fu-Cun Development Co., Ltd.	(211,000)	—	Not applicable	Not applicable
	Representative: Jin-Yuan Wang	—	—	Not applicable	Not applicable
Independent Director	Zhao-Rong Yang	—	—	—	—
Independent Director	Po-Chiao Chou	—	—	—	—
Independent Director	Xiu-Zong Liang	—	—	—	—
Independent Director	Hui-Fen Chan	—	—	—	—
CEO and General Manager	Hsin-Hui Tsai	54,000	—	—	—
Huanan Board General Manager	Wei-Kuang Chu	—	—	—	—
Jiangxi Plant General Manager	Chien-Lung He	—	—	—	—
Guangzhou Soft Board General Manager of the plant	Cheng-Hsin Chen	—	—	—	—
Deputy General Manager, Marketing OEM Center of the Group	I-Liang Lin (Note 5)	—	—	Not applicable	Not applicable
Taiwan Plant General Manager	Hsin-Chin Yeh (Note 4)	—	—	Not applicable	Not applicable
Deputy General Manager	Sheng-Yen Wu	—	—	—	—
Financial/Accounting Manager	Jung-Tsan Chou (Note 2)	—	—	—	—
Financial/Accounting Manager	Chun-Jen Huang (Note 3)	—	—	Not applicable	Not applicable
Substantial Shareholders	Tien He Hsing Yeh Co., Ltd.(Note 1)	3,610,000	22,380,000	-	—

Source: Based on shareholding data on April 1, 2023, the last book closure day.

Note 1. On March 8, 2022, a new majority shareholder of Tien He Hsing Yeh Co., Ltd. was appointed, and the changes in shareholding began to be counted from that date.

Note 2. Jung-Tsan Chou, the senior director, experienced position change from March 16 to August 23, 2022, and the changes to equities are not calculated for this period of time.

Note 3. Director Chun-Jen Huang was newly appointed as the Financial/Accounting Manager on March 16, 2022, and served until August 23 of the same year, and term of the office was calculated based on the change in shareholding due to duty adjustment.

Note 4. General Manager Hsin-Chin Yeh was newly appointed on June 1, 2022, and served until January 1 of the following year, and term of the office was calculated based on the change in shareholding due to duty adjustment.

Note 5. I-Liang Lin, Vice President of Group Marketing OEM Center, changed his position on September 13, 2022, so the changes in the equities are settled till that day.

(II) Information on stock transfers: There are no cases in which the parties to a stock transfer are related parties.

(III) Pledge information: No shares are pledged to related parties.

VIII. Relationship information, if among the company's 10 largest shareholders any one is a related party or spouses, or relatives within the second degree of kinship

Source date: April 1, 2023

No.	Name	Shareholding		Shares Held By Spouse and Minor Children		Total shares held in the name of other persons		The title or name and relations of the top 10 shareholders who are related parties, spouses, or relatives within the second degree of kinship as defined in Financial Accounting Standards Bulletin No. 6.		Note
		Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Name (or Names)	Relationship	
1	WIN Semiconductors Corp.	65,408,733	18.02	—	—	20,932,496	5.77	N/A	N/A	
	Representative: Chin-Tsai Chen	4,411,132	1.22	—	—	—	—	N/A	N/A	
2	Tien He Hsing Yeh Co., Ltd.	42,434,591	11.69	—	—	—	—	N/A	N/A	
	Representative: Yu-Wen Chen	3,237	0.00	Information unavailable				N/A	N/A	
3	Fu-Cun Development Co., Ltd.	32,510,897	8.96	—	—	—	—	N/A	N/A	
	Representative: Yu-Wei Tsai	72,759	0.02	Information unavailable				Tian Teng Industry Co., Ltd.	Relatives in the second degree of the representative	
4	Tian Teng Industry Co., Ltd.	12,206,507	3.36	—	—	—	—	N/A	N/A	
	Representative: Mao-Chen Tsai	1,159,745	0.32	Information unavailable				Fu-Cun Development Co., Ltd.	Relatives in the second degree of the representative	
5	Wenying Venture Capital Co., Ltd.	8,767,271	2.42	—	—	—	—	N/A	N/A	
	Representative: Chin-Tsai Chen	4,411,132	1.22	—	—	—	—	N/A	N/A	
6	Whenzhan Investment Co., Ltd.	7,934,954	2.19	—	—	—	—	N/A	N/A	
	Representative: Chin-Tsai Chen	4,411,132	1.22	—	—	—	—	N/A	N/A	
7	China Life Insurance Co., Ltd.	5,902,403	1.63	—	—	—	—	N/A	N/A	
8	Nan Shan Life Insurance Co., Ltd.	5,874,000	1.62	—	—	—	—	N/A	N/A	
9	Cathay Life Insurance Inc.	5,506,000	1.52	—	—	—	—	N/A	N/A	
10	Citi Custodianship of Norway Central Bank Investment Account	4,643,250	1.28	—	—	—	—	N/A	N/A	

IX. The number of shares held by the company, the company's directors and managers as well as the businesses directly or indirectly controlled by the company in the same one investment business, and the consolidated comprehensive shareholding ratio

March 31, 2023 Unit: Thousand shares, %

Reinvestment business	Investments of the Company (1)		Investments by directors, managerial officers and directly or indirectly controlled enterprises (2)		Total Ownership (1)+(2)	
	Number of Shares	Shareholding Ratio (%)	Number of Shares	Shareholding Ratio (%)	Number of Shares	Shareholding Ratio (%)
Pang Mao Investment Co., Ltd. (Note 1)	7,000	100	0	0	7,000	100
ITEQ International Ltd. (Note 1)	18,500	100	0	0	18,500	100
ITEQ Holding Ltd.	18,500	100	0	0	18,500	100
Ever Smart International Corporation Ltd.	10,750	100	0	0	10,750	100
International Partners Ltd.	1,000	100	0	0	1,000	100
Inspire Investments Ltd.	1,000	100	0	0	1,000	100
Eagle Great Investments Ltd.	8,499	100	0	0	8,499	100
ITEQ(Hong Kong) Ltd.	24,200	100	0	0	24,200	100
Dongguan ITEQ Electronic Technology Co., Ltd.	—	100	—	0	—	100
ITEQ (Wuxi) Electronic Technology Co., Ltd.	—	100	—	0	—	100
Maocheng Electronic Technology (Dongguan) Co., Ltd.	—	100	—	0	—	100
Guangzhou ITEQ Electronic Technology Co., Ltd.	—	100	—	0	—	100
Jiangxi ITEQ Electronic Technology Co., Ltd.	—	100	—	0	—	100
Ling Mao Electronic Technology Co., Ltd. MGC-ITEQ Technology Co., Ltd.	4,900	49	0	0	4,900	49

Note 1. The above are the long-term equity investments of the Company.

Chapter IV. Capital Overview

I. Capital and Shares

(I) Source of Capital

1. Source of Capital

Unit: shares/NT$; As of April 1, 2023

Year/ Month	Issuance Price (NT$)	Authorized Capital		Paid-in Capital		Note		
		Number of Shares (thousand shares)	Amount (NTD in Thousands)	Number of Shares (Shares)	Amount (NTD)	Source of Capital	Capital Increase by Assets Other than Cash	Others
1997.04	10	50,000	500,000	22,000,000	220,000,000	Establishment of Capital	None	-
1997.08	15	50,000	500,000	32,000,000	320,000,000	10,000,000 shares by capital increase in cash	None	Note 1.
1999.04	15	50,000	500,000	45,000,000	450,000,000	13,000,000 shares by capital increase in cash	None	Note 2.
2001.03	NT$15 by capital increase in cash; NT$10 by capital increase transferred from earnings and capital surplus	70,000	700,000	62,450,000	624,500,000	10,000,000 shares by capital increase in cash 7,450,000 shares by capital increase transferred from earnings and capital surplus	None	Note 3.
2001.09	10	74,000	740,000	71,144,000	711,440,000	8,694,000 shares by earnings and capital surplus	None	Note 4.
2002.03	10	100,000	1,000,000	81,144,000	811,440,000	10,000,000 shares by capital increase in cash	None	Note 5.
2003.10	10	100,000	1,000,000	83,578,320	835,783,200	2,434,320 shares by capital increase transferred from earnings	None	Note 6.
2004.02	10	125,000	1,250,000	102,530,572	1,025,305,720	18,952,252 shares converted from corporate bonds	None	-
2004.03	18	125,000	1,250,000	112,530,572	1,125,305,720	10,000,000 shares by capital increase in cash	None	Note 7.
2004.04	10	125,000	1,250,000	112,625,810	1,126,258,100	95,238 shares converted from corporate bonds	None	-
2004.09	10	184,000	1,840,000	126,071,779	1,260,717,790	13,445,969 shares transferred from earnings	None	Note 8.
2004.10	10	184,000	1,840,000	146,276,224	1,462,762,240	20,204,445 shares converted from corporate bonds	None	-
2005.02	10	184,000	1,840,000	151,796,636	1,517,966,360	5,520,412 shares converted from corporate bonds	None	-
2005.05	10	184,000	1,840,000	153,451,599	1,534,515,990	1,654,963 shares converted from corporate bonds	None	-
2005.08	10	248,000	2,480,000	153,521,773	1,535,217,730	70,174 shares converted from corporate bonds	None	-
2005.08	14.5	248,000	2,480,000	161,521,773	1,615,217,730	8,000,000 shares by capital increase in cash	None	Note 9.
2005.10	10	248,000	2,480,000	182,931,302	1,829,313,020	21,409,529 shares transferred from earnings	None	Note 10
2005.12	10	248,000	2,480,000	184,589,862	1,845,898,620	518,560 shares converted from corporate bonds 1,140,000 shares converted from employees' warrants	None	-
2006.03	10	248,000	2,480,000	191,465,436	1,914,654,360	5,895,574 shares converted from corporate bonds 980,000 shares converted from employees' warrants	None	-
2006.05	10	248,000	2,480,000	193,505,433	1,935,054,330	1,849,997 shares converted from corporate bonds 190,000 shares converted from employees' warrants	None	-

Year/ Month	Issuance Price (NT$)	Authorized Capital		Paid-in Capital		Note		
		Number of Shares (thousand shares)	Amount (NTD in Thousands)	Number of Shares (Shares)	Amount (NTD)	Source of Capital	Capital Increase by Assets Other than Cash	Others
2006.09	10	248,000	2,480,000	221,045,111	2,210,451,110	5,119,826 shares converted from corporate bonds 22,419,852 shares transferred from earnings	None	Note 11
2006.11	NT$21 by capital increas in cash NT$10 from other	300,000	3,000,000	233,440,989	2,334,409,890	205,878 shares converted from corporate bonds 190,000 shares converted from employees' warrants 12,000,000 shares by capital increase in cash	None	Note 12
2007.04	10	300,000	3,000,000	234,340,989	2,343,409,890	900,000 shares converted from employees' warrants	None	-
2007.07	10	300,000	3,000,000	234,580,989	2,345,809,890	240,000 shares converted from employees' warrants	None	–
2007.10	10	350,000	3,500,000	274,849,941	2,748,499,410	4,337,684 shares converted from corporate bonds 35,931,268 shares by capital increase transferred from earnings	None	Note 13
2007.12	10	350,000	3,500,000	275,718,181	2,757,181,810	48,240 shares converted from corporate bonds 820,000 shares converted from employees' warrants	None	-
2008.02	10	350,000	3,500,000	272,023,181	2,720,231,810	877,500 shares converted from employees' warrants Cancellation of 4,000,000 treasury shares	None	-
2008.05	10	350,000	3,500,000	272,258,181	2,722,581,810	235,000 shares converted from employees' warrants	None	-
2008.10	10	350,000	3,500,000	294,679,317	2,946,793,170	22,421,136 shares by capital increase transferred from earnings	None	Note 14
2009.04	10	350,000	3,500,000	286,679,317	2,866,793,170	Cancellation of 8,000,000 treasury shares	None	-
2011.04	10	350,000	3,500,000	286,678,693	2,866,786,930	Cancellation of 624 treasury shares	None	-
2011.09	10	350,000	3,500,000	302,877,471	3,028,774,710	16,198,778 shares by capital increase transferred from earnings	None	Note 15
2012.09	10	350,000	3,500,000	332,365,218	3,323,652,180	29,487,747 shares by capital increase transferred from earnings	None	Note 16
2012.12	10	400,000	4,000,000	332,365,218	3,323,652,180	Increase in authorized capital	None	-
2014.09	10	400,000	4,000,000	327,365,218	3,273,652,180	Cancellation of 5,000,000 treasury shares	None	-
2015.01	10	400,000	4,000,000	317,957,218	3,179,572,180	Cancellation of 9,408,000 treasury shares	None	-
2015.07	10	400,000	4,000,000	312,957,218	3,129,572,180	Cancellation of 5,000,000 treasury shares	None	-
2015.11	10	400,000	4,000,000	307,957,218	3,079,572,180	Cancellation of 5,000,000 treasury shares	None	-
2016.03	10	400,000	4,000,000	302,957,218	3,029,572,180	Cancellation of 5,000,000 treasury shares	None	-
2019.08	10	500,000	5,000,000	302,957,218	3,029,572,180	Increase in authorized capital	None	-
2020.04	110	500,000	5,000,000	332,957,218	3,329,572,180	30,000,000 shares by capital increase in cash	None	Note 17
2021.09	130	500,000	5,000,000	382,957,218	3,829,572,180	50,000,000 shares by capital increase in cash	None	Note 18
2022.11	10	500,000	5,000,000	362,957,218	3,629,572,180	Cancellation of 20,000,000 treasury shares	None	-

Note 1. Registration became valid as per TCZ (I) No. 76179 document issued by the Securities and Futures Commission

under the Ministry of Finance in 1997.

Note 2. Registration became valid as per (88) TCZ (I) No. 32318 document issued by the Securities and Futures Commission under the Ministry of Finance on April 12, 1999.

Note 3. Registration became valid as per (89) TCZ (I) No. 88295 document issued by the Securities and Futures Commission under the Ministry of Finance on October 26, 2000.
The extension of the fundraising time for capital increase in cash was approved by (90) TCZ (I) No. 105835 document issued by the Securities and Futures Commission under the Ministry of Finance on February 5, 2001.

Note 4. Registration became valid as per (90) TCZ (I) No. 150371 document issued by the Securities and Futures Commission under the Ministry of Finance on August 8, 2001.

Note 5. Registration became valid as per (91) TCZ (I) No. 180171 document issued by the Securities and Futures Commission under the Ministry of Finance on January 9, 2002.

Note 6. Registration became valid as per TCZ (I) No. 0920134252 document issued by the Securities and Futures Commission under the Ministry of Finance on July 29, 2003.

Note 7. Registration became valid as per TCZ (I) No. 0920154649 document issued by the Securities and Futures Commission under the Ministry of Finance on November 25, 2003.
The change to issuance price was approved by TCZ (I) No. 0920158101 document issued by the Securities and Futures Commission under the Ministry of Finance on December 11, 2003.

Note 8. Registration became valid as per JGZYZ No. 0930132397 document issued by the Securities and Futures Bureau under the Financial Supervisory Commission of Executive Yuan on July 21, 2004.

Note 9. Registration became valid as per JGZYZ No. 0940117501 document issued by the Securities and Futures Bureau under the Financial Supervisory Commission of Executive Yuan on May 20, 2005.

Note 10. Registration became valid as per JGZYZ No. 0940131480 document issued by the Securities and Futures Bureau under the Financial Supervisory Commission of Executive Yuan on August 2, 2005.

Note 11. Registration became valid as per JGZYZ No. 0950128058 document issued by the Financial Supervisory Commission of Executive Yuan on July 3, 2006.

Note 12. Registration became valid as per JGZYZ No. 0950130656 document issued by the Financial Supervisory Commission of Executive Yuan on July 21, 2006.

Note 13. Registration became valid as per JGZYZ No. 0960036403 document issued by the Financial Supervisory Commission of Executive Yuan on July 13, 2007.

Note 14. Registration became valid as per JGZYZ No. 0970032597 document issued by the Financial Supervisory Commission of Executive Yuan on July 4, 2008.

Note 15. Registration became valid as per JGZFZ No. 1000032827 document issued by the Financial Supervisory Commission of Executive Yuan on July 14, 2011.

Note 16. Registration became valid as per JGZFZ No. 1010032361 document issued by the Financial Supervisory Commission of Executive Yuan on July 20, 2012.

Note 17. Registration became valid as per JGZFZ No. 1080342357 document issued by the Financial Supervisory Commission of Executive Yuan on January 16, 2020.

Note 18. Registration became valid as per JGZFZ No. 1100343449 document issued by the Financial Supervisory Commission of Executive Yuan on May 28, 2021.

2. Share Type

Unit: shares; As of April 1, 2023

Share Type	Authorized Capital (Listed Shares)			Note
	Issued Shares	Unissued Shares	Total	
Registered Ordinary Shares	362,957,218	137,042,782	500,000,000	Note 1.

Note 1. The authorized capital includes 5,000,000 shares for employees' warrants.

3. Registration system related provisions: N/A.

(II) Structure of Shareholders

April 1, 2023

Structure of Shareholders / Number	Government Agencies	Financial Institutions	Other Corporate Shareholders	Foreign Institutions and Foreigners	Individual	Total
Number of Shareholders	0	19	278	178	35,058	35,533
Shareholding	0	23,827,594	183,296,964	41,223,470	114,609,190	362,957,218
Shareholding Ratio (%)	0.00	6.57	50.50	11.35	31.58	100.00

(III) Share Ownership Distribution

1. Ordinary share

April 1, 2023

Range of Shares	Number of Shareholders	Shareholding	Shareholding Ratio (%)
1 to 999	15,222	1,476,671	0.41
1,000 to 5,000	16,711	31,827,327	8.77
5,001 to 10,000	1,899	14,613,726	4.03
10,001 to 15,000	582	7,422,581	2.05
15,001 to 20,000	321	5,859,204	1.61
20,001 to 30,000	260	6,596,463	1.82
30,001 to 40,000	143	5,062,403	1.40
40,001 to 50,000	71	3,208,253	0.88
50,001 to 100,000	145	9,999,685	2.76
100,001 to 200,000	80	11,265,624	3.10
200,001 to 400,000	35	9,421,583	2.60
400,001 to 600,000	19	9,592,350	2.64
600,001 to 800,000	8	5,473,373	1.50
800,001 to 1,000,000	6	5,575,870	1.53
Over 1,000,001	31	235,562,105	64.90
Total	35,533	362,957,218	100.00

2. Preferred shares: None.

(IV) List of Major Shareholders

April 1, 2023

Shares / Name of Major Shareholders	Shareholding (Shares)	Shareholding Ratio (%)
WIN Semiconductors Corp.	65,408,733	18.02
Tian He Int'l Enterpris Co., Ltd.	42,434,591	11.69
Fu-Cun Development Co., Ltd.	32,510,897	8.96
Tian Teng Industry Co., Ltd.	12,206,507	3.36
Wenying Venture Capital Co., Ltd.	8,767,271	2.42
Whenzhan Investment Co., Ltd.	7,934,954	2.19
China Life Insurance Company Limited	5,902,403	1.63
Nan Shan Life Insurance Company, Ltd.	5,874,000	1.62
Cathay Life Insurance Co., Ltd	5,506,000	1.52
Citi Custodianship of Norway Central Bank Investment Account	4,643,250	1.28

(V) Market Price, Net Value, Earnings, and Dividend per Share, as Well as Relevant Information of the Most Recent Two Years

Unit: NT$

Item \ Year			2021	2022	2023 As of March 31
Market price per share	The highest		170.50	147.00	83.60
	The lowest		106.00	51.50	71.50
	Average		140.26	85.69	77.48
Net worth per share	Before distribution		55.66	55.41	As of the printing date of the annual report, the audited financial statements for the first quarter of 2023 were not available.
	After distribution		50.66	52.41	
Earnings per share	weighted average shares (thousand shares)		349,533	362,957	
	Earnings per share		9.00	5.11	
Dividends per share	Cash dividends		5.00	3.00	
	Stock dividends	Stock dividends appropriated from earnings	—	—	
		Stock dividends appropriated from capital surplus	—	—	
	Accumulated unpaid dividends		—	—	
Return on investment analysis	P/E ratio (Note 2)		15.11	17.51	
	P/D ratio (Note 3)		27.19	29.83	
	Cash dividend yield (%) (Note 4)		3.68	3.35	

Note 1. P/E Ratio = Average closing price per share for current year/ Earnings per share

Note 2. P/D ratio = Average closing price per share for current year / Cash dividends per share

Note 3. Cash dividend yield = Cash dividends per share/Average closing price per share for the current year

Note 4. The net worth per share and earnings per share as of the quarter nearest to the publication date of the Annual Report that has been audited by CPAs shall be filled in; the remaining fields shall be filled with the data of the current year as of the publication date of the Annual Report.

(VI) The Company’s Dividend Policy and Its Implementation Status

1. Dividend Policy

In accordance with the Company’s Articles of Incorporation, if there are current net profits in the final account of the year, 10% of the profits shall be set aside as its surplus reserve, and certain amount of the profits shall be set aside as its special surplus reserve in accordance with relevant regulations, in addition to the profits used in the first place to pay the profit-seeking enterprise’s income tax and recover the losses of previous years in accordance with laws. And the remaining earnings, if any, shall be distributed as follows: (1) No less than 2% of the remaining earnings shall be distributed as employees's bonus. (2) No more than 2% of the remaining earnings shall be distributed as Directors' remuneration. (3) Except for the surplus set aside, the remaining earnings shall be used as shareholders dividends, which shall, together with the undistributed earnings of previous years, be resolved by the Shareholders' Meeting after the Board of Directors has made a proposal for distribution of such earnings.

The Corporation authorizes the distributable dividends and bonuses, or legal reserve and special surplus reserve, in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of Directors; and in addition thereto a report of such distribution shall be submitted to the shareholders’ meeting.

To seek sustainable operating, the Company adopts dividend balance policy by considering long-term financial planning and capital needs; As for the distribution

of dividends, the Board of Directors shall draft earnings distribution plan based on the Company's capital needs. Where the number of dividends for distribution in current year is no less than 30% of the cumulative earnings available for distribution, among which cash dividends are no less than 20% of total dividends, cash dividends payment ratio may be increased depending on the earnings of current year if the Company has a large amount of earnings or sufficient funds.

The Company's dividends were distributed in the most recent three years as follows:

Year	Cash Dividend per Share	Ex-dividend Transaction Date	Payment Date
2019	5.00	July 6, 2020	August 7, 2020
2020	5.00	July 19, 2021	August 8, 2021
2021	5.00	June 30, 2022	August 4, 2022

2. Distribution of dividends

Unit: NT$

Year of Dividends	Approved by the Resolution of the Board of Directors Dividend Distribution Date	Cash Dividends to Shareholders	Directors' Remuneration	Cash Remuneration to Employees
2022	March 7, 2023	1,088,871,654 (NT$3.00 shall be distributed for each share)	19,709,303	78,837,213

Note: The distribution ratio per share shall be calculated based on the 362,957,218 shares outstanding as of March 7, 2023.

3. Estimated significant change in the dividend policy: There's no estimated significant change in the dividend policy.

(VII) Impact of this proposal for stock dividends on the Company's operating performance and earnings per share: N/A.

(VIII) Directors' Remuneration and Employees' Remuneration

1. Percentage or range of employees' remuneration and Directors' remuneration under the Articles of Incorporation: Please refer to the above-mentioned (VI).
2. The estimation basis for current employees' remuneration and Directors' remuneration, the calculation basis for the number of shares for distribution of share dividends,

   and the accounting treatment for any discrepancy between actually distributed amount and estimated amount

Estimation Basis	Calculation Basis for the Number of Shares	Actually Distributed Amount and Estimated Amount Accounting Treatment for Any Discrepancy
In accordance with Article 27 of the Articles of Incorporation, the Company shall set aside no less than 2% and no more than 2% of its net profits before tax before deducting the distribution of employees' remuneration and Directors' remuneration as employees' remuneration and Directors' remuneration respectively. The employees' remuneration and Directors' remuneration for 2022 are estimated respectively based on 4.0% and 1.0% of the said net profits before tax, which shall be distributed and paid in cash by the resolution to be made at the Shareholders' Meeting on March 7, 2023.	No employees' shares remuneration will be distributed as proposed by the Board of Directors.	If there's any significant change in the amount to be distributed as resolved by the Board of Directors, the change shall be incorporated in the former annual expenses set aside.

3. Information about the distribution of remuneration of directors and employees as approved by the Board of Directors

Unit: NT$

Remuneration year	Date of Approval by the Resolution of the Board of Directors	Directors' Remuneration	Employees' Remuneration		Proposed Distribution Amount of Employees' Shares Remuneration		Estimated Earnings per Share after Considering Proposed Distribution Amount of Employees' Remuneration and Directors' Remuneration
			Amount of Cash Remuneration (a)	Amount of Shares Remuneration (b)	Ratio in Current Net Profit after Tax (%)	Ratio in Total Employees' Remuneration (%)	
2022	March 7, 2023	19,709,303	78,837,213	—	—	—	4.94

Note: There is no difference between the proposed distribution amount of employees' remuneration and Directors' remuneration and the estimated amount of the year in which the amount is recognized.

4. The actual distribution of employees' remuneration and Directors' remuneration in the previous year

Unit: NT$

Item	Proposed Distribution Resolved by the Board of Directors	Actual Distribution Resolved by the Shareholders' Meeting			Difference, Reason and Handling
	Amount	Amount	Number of Shares That can be Converted	Equity Dilution Ratio (%)	
Employees' Remuneration (Cash)	219,729,783	219,729,783	—	—	None
Directors' Remuneration (Cash)	50,706,873	50,706,873	—	—	None
Total	270,436,656	270,436,656	—	—	None

(IX) Buyback of the Company's shares by the Company:

Buyback times	14th	15th
Purpose of the buyback	Maintain the company's credit and shareholders' rights	Maintain the company's credit and shareholders' rights
Buyback period	2022.07.11~2022.07.29	2022.08.29~2022.09.28
Buyback period price	NT$60-134/share	NT$60-104/share
Type and quantity of repurchased shares	10,000 thousand shares	10,000 thousand shares
Amount of repurchased shares	NT$732,397,556	NT$667,211,651
Ratio of repurchased shares to the shares to be repurchased (%)	100%	100%
Number of shares that have been canceled and transferred	10,000 thousand shares	10,000 thousand shares
Number of Company's accumulated shares held	0 shares	0 shares
Ratio of Company's accumulated shares held to the total issued shares (%)	2.61%	2.61%

II. Issuance of corporate bonds: None.

III. Issuance of preferred shares: None.

IV. Issuance of global depository receipts: None.

V. Issuance of employees' warrants：

(I) The Company's outstanding employee stock warrants should disclose the status of processing and the impact on shareholders' equity as of the date of printing of the annual report:

March 7, 2023

Type of employees' warrants	1st employees' warrants in 2021
Filing Effective Date	July 21, 2021
Issuance Date	July 30, 2021
Number of units issued	1,000 units
Number of shares issued for subscription as a percentage of the total number of shares in issue (Note 1)	0.26113 %
Subscription Period	5 years
Performance Method	Issuance of new shares
Restricted subscription period and rate (%)	Issuance for 2 years or more: 60% Issuance for 3 years or more: 80% Issuance for 4 years or more: 100%
Number of shares executed	0 shares
Amount of executed warrants	NT$0
Number of outstanding stock options	895,000 shares
Subscription price per share for outstanding stock options	NT$91.2
Number of outstanding warrants to the total number of shares in issue (%)	0.24659 %
Impacts on shareholder equity	No major impact

Note 1. Based on the number of 362,957,218 shares in issue as of the date of publication of the annual report.

(II) The names of managers and the top ten employees who acquired stock options as of the date of publication of the annual report, and the acquisition and subscription status of the stock options:

March 7, 2023 Unit: NT$: share

	Title	Name	Number of share options acquired	Number of share options acquired to the total number of shares in issue	Executed				Outstanding			
					Number of shares subscribed	Exercise price	Amount of shares subscribed	Ratio of number of shares subscribed to total number of shares in issue	Number of shares subscribed	Exercise price	Amount of shares subscribed	Ratio of number of shares subscribed to total number of shares in issue
Employee	Deputy General Manager	I-Sheng Meng	285,000	0.07852	0	0	0	0.00%	285,000	91.2	25,992,000	0.07852
	Deputy General Manager	Tao Liu										
	Director	Chen-Feng Li										
	Project Manager	Jui-Ming Hu										
	Deputy Director	Hong-Fei Wang										
	Project Manager	Chun-Jie Liu										
	Deputy Director	Ke Chang										
	Assist Manager	Hsiao-Chiang Chin										
	Special Assistant	Li-Ping Chu										
	Senior Manager	Cheng-Hui Tu										

VI. Issuance of employee restricted shares: None.

VII. M&A or acceptance of the new shares issued by other companies: None.

VIII. Implementation of Fund Utilization Plan: None.

Chapter V. Operational Highlights

I. Business Activities

(I) Businesses Scope

1. Major Business Activities
   Manufacturing, processing, sale and purchase of copper clad laminates, PPs, heat-dissipating aluminum laminates and flexible laminates

2. (The Group's) Revenues from major products in 2022

Unit: NT$ Thousand

Product	2022	
	Amount	Ratio in Revenue (%)
CCL	20,998,145	72.08
PP	8,001,647	27.47
MLB	79,204	0.27
Other	50,714	0.18
Total	29,129,710	100.00

3. The Company's (Group's) current product protfolios
   (1) CCL
   (2) PP
   (3) FPC CCL
   (4) MLB
   (5) Other

4. New products planned to be developed
   (1) High adhesive strength and high heat resistance rigid-flex printed circuit board
   (2) High reliability and high breakdown voltage for halogen-free automotive laminate
   (3) Low coefficient of expansion and high heat resistance encapsulated laminate
   (4) Ultra-high frequency and ultra-low dielectric loss laminate
   (5) High thermal conductivity, dimensional stability and ultra-low dielectric loss laminate
   (6) Fine line, high dimensional stability and high heat-resistance laminate
   (7) Temporary materials of electronic and semiconductor manufacturing
   (8) Build Up film for IC encapsulation
   (9) High Tg adhesive film for multi-layer laminate
   (10) High Thermal conductive adhesive film for automotive application
   (11) Low cost and low ion-migration coverlayer
   (12) High heat-resistant coverlayer for new energy vehicle application

(II) Status and Development of the Industry

1. Current industry situation

Global PCB Industry

Year	2020	2021	2022(E)	2023(F)
Output Value (USD$M)	$65,219	$80,920	$81,740	$78,389
Growth Rate	+6.4%	+24.1%	+1.0%	-4.1%

Source of Data: Prismark (March, 2023 Market survey of the Company)

As the world enters the post-epidemic era in 2022, consumer demand for telecommuting and learning has decreased, global inflation has affected the consumer index, and infrastructure such as base station construction, data center construction, and geo-economic compartmentalization have all begun to slow down. The electronics industry chain faced tight supply in 2021, which led to an increase in inventory and work-in-progress in the supply chain, and the long whip effect and high inventory were both evident in 2022. Copper clad laminates are in the upstream of the electronic industry chain and are also affected by the more intense demand.

Looking ahead to 2023, cloud computing, artificial intelligence applications, and cloud storage will continue to expand in the enterprise and consumer markets, while data center construction will slow down in the short term due to the economy, but still grow steadily in the long term. With the support from national governments, most of the world's major car manufacturers have revealed their goal of full electrification by 2050, and the automotive electronics market is growing accordingly.Global copper prices remain stable at over US$8,000 per tonne in the short term, with room to rise in the medium to long term in response to the increasing demand from construction and electronics industries.

Under the influence of geo-economics, customers from various countries are strongly requiring a balanced supply chain. The circuit board industry and the copper clad laminate industry have also launched expansion studies in Southeast Asia to implement a sustainable supply plan strategy for customers and to balance the production capacity that was previously concentrated in a single country in order to enhance the resilience of each company to future geopolitical risks.

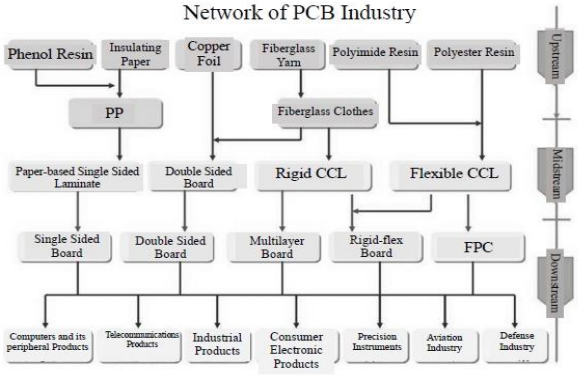
2. Development of the Industry

According to the Ericsson Mobile Trends Report at the end of 2022, global data usage doubles every two years. With such rapid expansion in demand, the evolution of semiconductor computing speed, high precision electronic assembly, high speed data transfer electronic assembly and high frequency and high speed laminate materials are driving the technological advancement.

According to statistics, global electronic hardware suppliers will grow at a compound annual growth rate of more than 6% in the high-efficiency computing market. Due to the increase in the number of layers of circuit boards and in demand for hardware, a compound annual growth rate of more than 10% is expected within five years. In addition, although the supply of semiconductors has recovered this year, the supply of copper-coated laminates for packaging carriers is limited in Japan and Korea, which is also the key point for Taiwan's laminate industry to break through in the future.

In addition to the existing consumer CCLs, high-speed copper coated laminates, carrier-like copper coated laminates, carrier copper coated laminates, and composite electronic materials are all important development directions for the industry.

3. Relation amongst upstream, midstream, and downstream of the industry



4. Product development trends and competition situation

(1) Development of the industry

In response to the development of electronic industry, the copper clad laminate materials will be developed in the direction of low dielectric loss, high insulation and high heat resistance, low shrinkage and low warpage. The company also cooperates with domestic and foreign suppliers of advanced chemical resins and glass fiber cloth to jointly develop advanced raw materials and processes in the direction of highly automatic control and precise dust-free control, providing the most advanced solutions for the most advanced networking, infrastructure and automotive electronics products in the global electronics industry.

(2) Competition situation

Our current products, CCLs, PPs and MLBs, not only have excellent cost/performance ratio, but also have superior market competitiveness as high-end materials and have been widely recognized by our customers.
In recent years, many new players have entered the competition, but the main production capacity is for traditional FR-4 products. The Company is serving massive customers with the high qulaity products. In the high-end product competition, the Company is committed to the high-end niche market with scale products of a high price/performance ratio to realize a more strategic advantage in the high-end product competition in the United States and Japan.

(III) Overview of Technology and R&D

Under different applications such as 5G, Internet of Things, new energy vehicles, and artificial intelligence, laminate materials must be used in more demanding environments to maintain low signal loss and reduce signal delays caused by dielectric materials, and high safety and reliability are also required. In addition to resin systems, the control of raw materials such as glass laminates and copper foils, as well as the methods and equipment used to analyze electrical properties need to be kept up to date. For this purpose, in recent years, we have been actively investing in related equipment and talents, including precision processing and production equipment, and electrical and reliable raw material testing and analysis machines, to improve high-end product development, production and marketing promotion.

With the development of various communication products towards high speed, high performance, high heat resistance and light weight technologies, different thin and laminated materials are required. In 2022, ITEQ Corporation successfully developed thin PP and Resin Coated Copper packaging laminates with low dielectric, low expansion coefficient, and high footprint. The quality and reliability of the products are suitable for advanced packaging processes, and we are actively sending samples to domestic and foreign customers for testing and certification.

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

R&D expenses invested in the most recent year

Unit: NT$ thousand

Year	R&D Expense	Ratio in Operating Revenue
2021	510,019	1.57%
2022	531,022	1.82%

1. Technologies or products successfully developed in the most recent year

2021	2022
1. High dielectric constant and low loss laminate 2. High heat dissipation base station communication laminate 3. Halogen-free laminate for high-voltage CAF for automotive 4. Low CTE IC laminate 5. Low dielectric constant and low loss laminate 6. Ultra-low insertion loss laminate 7. High density and high dimension stability laminate 8. High heat-resistant FCCL for new energy vehicle 9. PFA FCCL for 5G millimeter-wave application 10. Ultra-low loss MPI FCCL for 5G millimeter-wave application 11. Thick FCCL for industrial control and medical equipment	1. High dielectric constant and low loss communicated laminate 2. High thermal conductivity laminate for communicated application 3. Halogen-free laminate for high-voltage CAF for automotive 4. Low CTE IC laminate 5. Low dielectric constant and high speed transmission laminate 6. High density and high dimension stability laminate 7. Resin Roated Copper for IC encapsulated applications 8. High foldable materials for non-adhesive single side laminate 9. Ultra-low loss coverlayer materials for customer electronic applications 10. Thick laminate for High frequency mobile antenna applications

2. R&D investment plans and progress

Unit: NT$ Thousand

Item/Plan	Current Progress	Estimated Investment R&D Expense	Scheduled Completion Time	Expected R&D Investment Benefit
High CTI halogen-free laminate	Sample Certification Stage	444,750	Q1 2023	Increase the proportion of revenue from high-end products, enhance the added value of products and increase profits.
High dielectric constant laminate for antenna application	Sample Certification Stage		Q2 2023	
Low expansion coefficient HDI laminate	Sample Certification Stage		Q2 2023	
Low expansion coefficient HDI halogen free laminate for automotive application	Sample Certification Stage		Q2 2023	
High thermal conductivity and high dielectric constant laminate for antenna applications	Sample Certification Stage		Q2 2023	
Ultra-low expansion coefficient substrate like laminate	Sample Certification Stage		Q2 2023	
Ultra-low loss halogen-free laminate for server applications	Sample Certification Stage		Q3 2023	
High dimensional stability build-up film materials	Sample Certification Stage		Q4 2023	
Resin Coated Copper for high thermal resistance materials	Sample Certification Stage		Q4 2023	
High Tg adhesive materials for multi-layer laminate	Material Development Stage		Q4 2023	
High thermal conductive adhesive film for automotive application	Material Development Stage		Q4 2023	
Low cost and low ion-migration coverlayer	Small batch verification stage		Q2 2023	
High heat-resistant coverlayer for new energy vehicle application	Material Development Stage		Q2 2023	

1. Short- and long-term business development plans

Short-term business development plans	Long-term business development plans
1. To conduct division of labor and integration in and between Taiwan and mainland China, so as to control manufacturing costs and maximize economic scale and benefits. 2. To serve customers from near locations, provide customers with flexible production systems, and proactively make deployment and strategies. 3. Introduce new equipment to improve the quality and efficiency of existing equipment and improve production yields. 4. To continue to develop green and high-end products with high added value, and pro-actively strive for orders from major international manufacturers, so as to continue to adjust product portfolios, create greater profits, and increase market share. 5. Exanding production capacity to meet the growing total market demand and are actively developing and marketing high-density interconnect materials and markets. 6. To cooperate with the strategic partners in the upstream and downstream to develop products to be applied in the special high-end materials, such as high-frequency and millimeter-wave radars etc., for 5G products. 7. To develop the LCP and low-loss materials to be widely applied in the PCB design of high-end products.	1. To strive for becoming a leading professional electronic material manufacturer with brand influence in the world. 2. To become one of the top three multi-layer laminate material manufacturers and the top four professional high-end multi-layer board OEMs in the world. 3. To obtain funds by utilizing the financing tools in domestic and overseas capital markets to deal with the expansion of operating scale. 4. To strengthen the recruitment and training of talents, make succession plans, and create a high-performance and cross-functional work team in the spirit of sustainable operating. 5. To develop to more overseas PCB markets and more end customers by utilizing the production capacity and R&D strength of Taiwan plants. 6. To research and develop laminate materials, and accelerate mass production plans to provide more diverse materials to customers. 7. Expand the supply chain under the geo-economics and enhance the Company's risk tolerance ability.

II. Market Analysis and Status of Goods Production and sales

(I) Market Analysis

1. Sales regions and amount of the Company's major products

Unit: NT$ thousand

Item \ Year		2021		2022	
		Sales Amount	Proportion in Revenue (%)	Sales Amount	Proportion in Revenue (%)
Domestic Sales		1,082,899	3.33	872,390	2.99
Overseas Sales	Asia	31,111,019	95.65	28,032,074	96.23
	Europe	262,246	0.81	170,430	0.59
	America	19,106	0.06	12,046	0.04
	Others	49,418	0.15	42,770	0.15
	Sub-total	31,441,789	96.67	28,257,320	97.01
Total		32,524,688	100.00	29,129,710	100.00

2. Market Share

There are many CCL suppliers worldwide, mainly in the United States, Japan, Korea, Mainland China and Taiwan. ITEQ Corporation is a global leader in laminates with advanced production technologies and will continue to implant its green genes in all key processes and developments. According to a report published by Prismark in 2022, ITEQ Corporation ranked second in the global market share of high-end specialty laminates (market share: 12%) and second in the global market share of halogen-free materials (market share: 13%).

3. Supply and demand in the market and possible future growth

While the era of high-speed and efficient computing is coming, the long-term demand for products such as base stations/micro base stations, data centers/cloud products, automotive industry, Internet of Vehicles/Internet of Things, electric vehicles, smart homes, etc. is becoming increasingly strong, and countries around the world are promoting energy-saving policies. In addition to actively developing high-end materials, our company has taken its social responsibility of making our materials halogen-free so that our products can meet the requirements for environmental protection.

Currently, the PCB industry is still concentrated in mainland China, and Taiwanese companies still maintain a significant market influence in the supply chain of the PCB industry in mainland China. The Company has been more aggressive than its peers in the mainland China in terms of deployment and production capacity planning, and has achieved a more favorable situation in comparison. In addition, Taiwan manufacturers have benefited from the order shifting caused by the trade war between the U.S. and China, and the Company's Taiwan production capacity and R&D capability can also meet the needs of overseas customers. Furthermore, we are actively expanding our business in Southeast Asia and plan the construction of the new factory in Thailand in March 2023 to increase our risk tolerance in the geo-economic environment.

4. Competition Advantages

Various Advantages	**Description**
Market Advantages	● We have a complete product line layout in both sides of the Taiwan Strait and three regions, as well as a complete global sales channel and technical service system. ● Continued capacity expansion has resulted in the scale effect of economy.

Various Advantages	Description
	● We have cooperated with upstream and downstream strategic partners for stable raw materials supply. ● The Company improves customer services, meets delivery dates and a small number of diverse demands, and provides one-stop integrated services from materials to OEM.
Product Advantages	● The Company's ability to develop the core field of "resin formulation and coating technology" can meet the requirements of new generation products in the market for applications. ● The Company has a rigorous product manufacturing system and quality control ability. ● The Company positions its products clearly, and has complete high-end materials, special specifications and other advantageous product portfolios. ● We have developed new product lines of high-end high-density interconnect materials and carrier materials to meet more diversified market needs with a more comprehensive range of materials.
Technology Advantages	● The Company has a strong technical service team for providing complete solutions from materials to internal OEM. ● The Company makes schedules for R&D, launch and mass production of new products, and diversifies the proportion of products to reduce the risks of fluctuation in material prices. ● We are capable of developing high-end CCLs for high-frequency, high-speed and millimeter-wave radars, as well as developing flexible CCLs, LED thermal modules, high-density interconnect boards and carrier boards. ● The Company has a strong technical team and ability to design and develop products together with end customers.
Management Advantages	● The Company's professional management team has more than a decade of rich experience in the industry. ● The Company makes business-oriented capacity plans and adopts concentrated management to maintain a high capacity and utilization. ● The Company uses flat organization and elite labors to keep a high level of combat effectiveness. ● The Company will continue to recruit talents from both inside and outside the industry to strengthen our marketing capabilities in various product areas.

5. Advantageous and disadvantageous factors for future development and countermeasures

Future Development	Description
Advantageous Factors	● The demand for energy-saving and carbon-reducing products continues, and the demand for eco-friendly laminates increases. ● The Company has strong R&D abilities, has the key technologies of "resin formulation and coating technology", and has cost advantages for key materials. ● The Company has a good ability to control costs and improve processes, and can meet customers' demands for flexible production. ● The Company has complete material product lines from low-end to high-end, and can provide one-stop services. ● The Company can judge the price trends of raw materials with a high accuracy, and has bargaining power and purchasing advantage with economic scale. ● The Company cooperates with ITRI closely to develop new products jointly in the form of entrustment of projects, and has complete product R&D abilities.
Disadvantageous Factors	● Base raw material prices remain high and cost pressure is not easily passed on, affecting the company's profitability. ● The expansion of production capacity in the high-end raw materials

Future Development	Description
	market is slow, and the supply of raw materials in the market is insufficient to meet the demand, affecting the quantity of goods supplied. ● The sales markets are concentrated in various regions, and the proportion of sale in other regions shall be increased. ● There is an increase in the costs of production, including salaries and wages, new corporate income tax systems, environmental protection regulations, and labor contract laws...etc.
Countermeasures	● To diversify the sources of raw materials, avoid concentration on the same supplier, and improve bargaining ability; develop key raw materials independently to reduce costs and avoid the risk of being short of materials; strive to make communication and coordination, and appropriately change the costs of response; continue to research and develop the proportion of material formulation and adjust production processes to decrease costs and increase profits. ● To improve an overseas sales team to develop and strengthen North America, Europe and other overseas markets. ● To improve environment, save energy, reduce wastes, improve environmental protection equipment, comply with environmental protection regulations and industrial safety requirements, increase the proportion of automated production equipment, increase yield, and control staff operating costs. ● To adjust product structure, reduce the proportion of consumer electronic products, and increase the ratio of the production and sales of high-end materials to optimize gross profits.

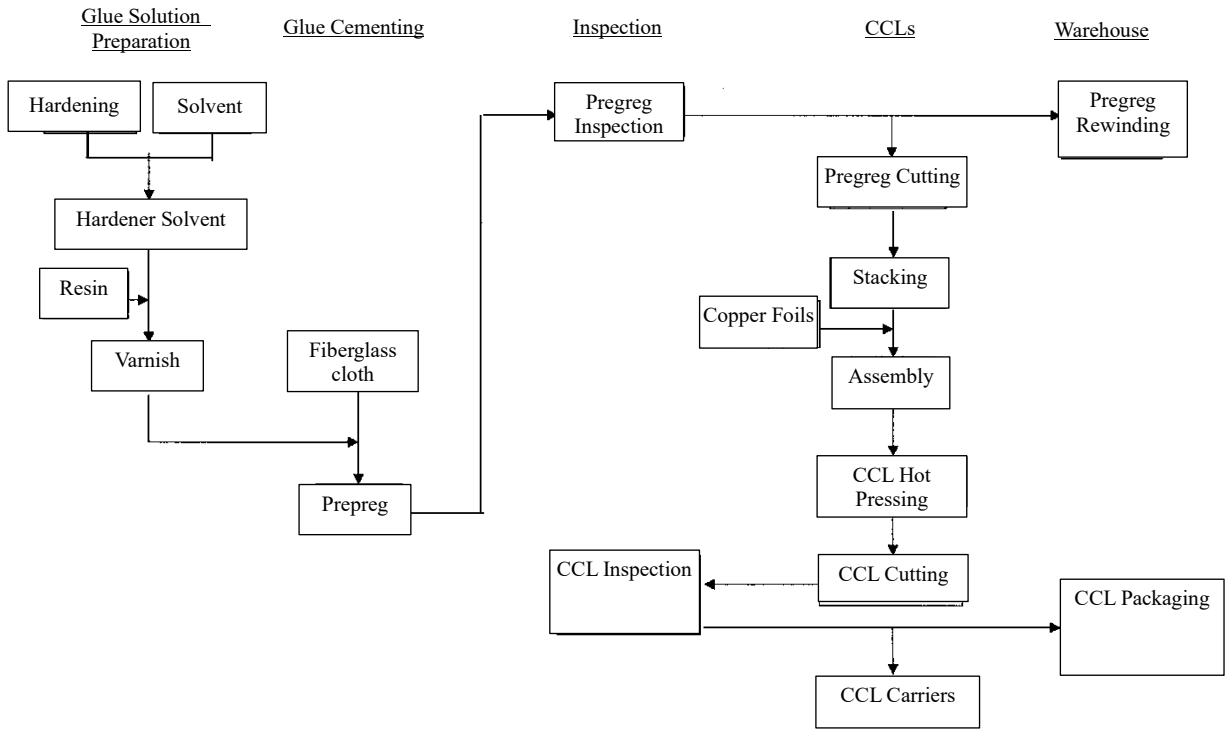
(II) Important Uses and Manufacturing Processes of Major Products

1. Important uses

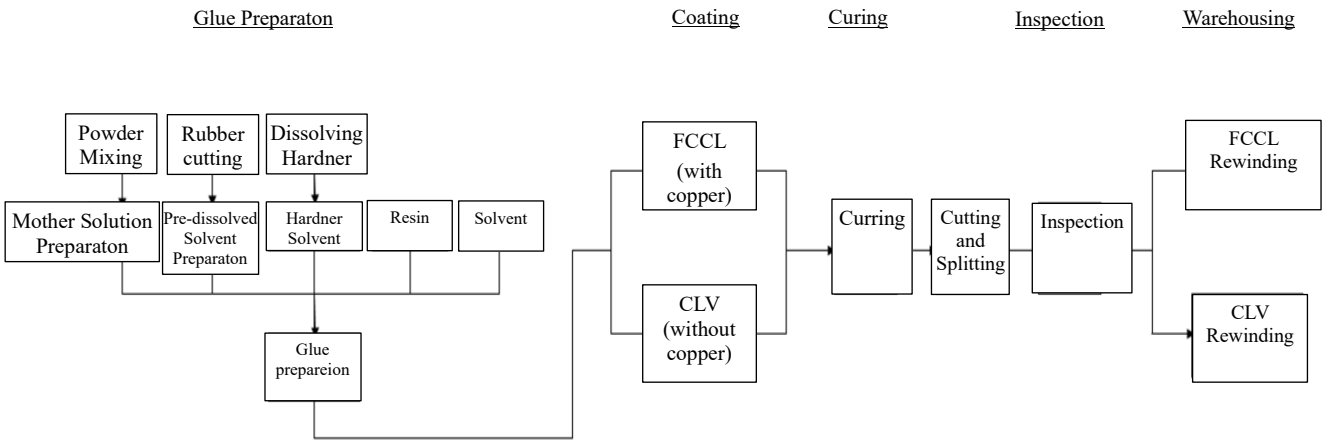
Product or Service	Major Uses or Functions
CCL	It is the main raw material of PCBs. The internal structure of PCB is mainly composed of the CCL in the inner layer and the copper foil in the outer layer. The CCLs must have not only the mechanical processing strength and electrical insulation performance required for manufacturing PCBs, but also good thermal conductivity, chemical resistance, high temperature resistance or other special performances according to the requirements for PCBs with different functions. PPs are used as insulating materials between CCLs and copper foils.
PP	
MLB	It is the front-end process for multi-layered PCB, and it is manufactured from internal circuits and internal dry films and then pressed to form.

2. Manufacturing process

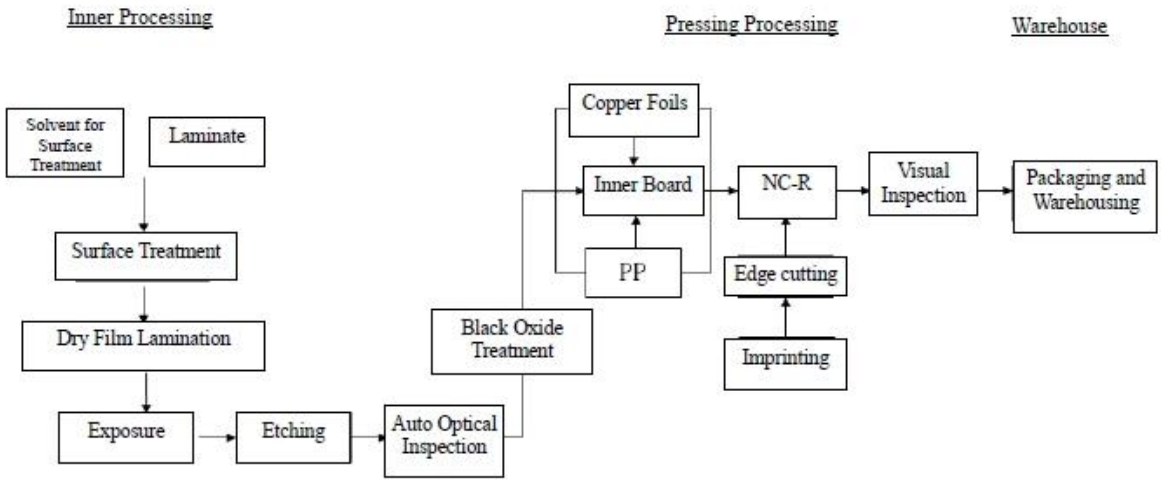
Manufacturing process of CCLs:



Manufacturing process of FPC CCLs:



Manufacturing process of MLBs:



(III) Supply Status of Key Materials

The major raw materials produced by the Company are fiberglass clothes, epoxy resin and copper foils, etc. Its suppliers are all well-known domestic and overseas manufacturers with a certain good quality.

The Company's procurement sources of various raw materials are diversified. In addition to cooperation with various suppliers for many years, the Company maintains good cooperative relations with them, and actively develops new sources of purchases, thus, there's no shortage suffered by it.

(IV) List of Major Suppliers and Customers

1. Data of the suppliers from which over 10% of goods were supplied in the most recent two years

Unit: NT$ Thousand

Item	2021				2022			
	Name	Amount	Proportion in the Net Annual Purchase Amount (%)	Relation with the Company	Name	Amount	Proportion in the Net Annual Purchase Amount (%)	Relation with the Company
1	Company B	6,240,765	24.86	N/A	Company B	4,551,277	23.24	N/A
2	Company C	5,881,009	23.42	N/A	Company C	4,448,936	22.72	N/A
	Other	12,985,057	51.72	—	Other	10,581,431	54.04	—
—	Net purchase amount	25,106,831	100.00	—	Net purchase amount	19,581,644	100.00	—

Note 1. Codes may be used for the parties whose names shall not be disclosed pursuant to a contract term or who are non-related individual.

Description of the reason for the increase or decrease: Prices are controlled by virtue of quantity to reduce the unit price of purchase, in order to avoid excessively concentrated purchase form a single group.

2. Data of the customers to whom over 10% of goods were sold in the most recent two years

Unit: NT$ Thousand

Item	2021				2022			
	Name	Amount	Proportion in the Net Annual Purchase Amount (%)	Relation with the Company	Name	Amount	Proportion in the Net Annual Purchase Amount (%)	Relation with the Company
1	Company A	3,409,042	10.48	N/A	Company A	2,993,494	10.28	N/A
	Other	29,115,646	89.52	—	Other	26,136,216	89.72	—
—	Net sales amount	32,524,688	100.00	—	Net sales amount	29,129,710	100.00	—

Note 1: Codes may be used for the parties whose names shall not be disclosed pursuant to a contract term or who are non-related individual.
Description of the reason for the increase or decrease: There was no obvious increase or decrease.

(V) Production Volume/Value of the Most Recent Two Years

Unit: NT$ thousand

Year / Sales Volume and Value / Major Products	2021			2022		
	Production Capacity	Production Volume	Production Value	Production Capacity	Production Volume	Production Value
CCL (thousand SH)	45,686	40,540	19,719,366	52,155	34,335	17,117,448
PP (thousand M)	209,563	171,031	12,179,496	248,759	146,728	10,113,468
MLB (thousand SF)	2,153	2,115	487,029	541	515	79,053
FPC CCL (thousand M^2)	2,990	2,309	790,637	1,059	927	371,924
Other			432,559			663,682
Total			33,609,087			28,345,575

(VI) Sales Volume/Value of the Most Recent Two Years

Unit: NT$ Thousand

Year / Sales Volume and Value / Major Products	2021				2022			
	Domestic Sales (Taiwan)		Overseas Sales		Domestic Sales (Taiwan)		Overseas Sales	
	Sales Value	Sales Volume	Sales Value	Sales Volume	Sales Value	Sales Volume	Sales Value	Sales Volume
CCL (thousand SH)	1,422	729,142	39,833	20,613,456	1,054	585,594	33,990	19,366,855
PP (thousand M)	2,798	341,820	89,927	8,940,193	2,149	284,744	76,351	7,716,903
MLB (thousand SF)	-	-	2,001	479,286	-	-	511	79,053
FPC CCL (thousand M^2)	-	-	3,471	1,338,659	-	-	2,626	1,045,696
Other		11,937		70,195		2,052	-	48,813
Total		1,082,899		31,441,789		872,390		28,257,320

III. Employees

Year		2021	2022	2023.03.31
Number of Employees	Director labor	2,941	2,184	2,798
	Indirect labor	705	664	607
	Total	3,646	3,478	3,405
Average Age		34.92	36.35	34.46
Average Service Year		4.49	5.25	5.54
Education Background Ratio (%)	PhD	0.17	0.11	0.15
	Master	3.18	2.85	3.07
	Junior college	20.30	24.24	25.14
	High school	44.08	40.98	39.88
	Below high school	32.27	31.83	31.76

IV. Environmental Protection Expenditure

(I) The total amount of losses (including compensation) arising out of environmental pollution in 2022: None.

(II) Countermeasures in future (including improvement measures) and possible expenditures:

Due to the increased awareness of environmental protection, the Company, as a member of the society, shall respond to the requirements for environmental protection quality. Nowadays, various standards for discharge of pollutions are becoming stricter and stricter. In response to this trend, the Company has continuously invested a lot of manpower and funds in recent years to expand and maintain pollution prevention equipment, so as to meet the standards stipulated by government. The plants promoted environment safety and health management system. After its establishment, Xinpu plant passed ISO14001: and OHSAS 18001 certifications in 2014. Other plants passed reassessment every year, and continued environment safety and health management. They changed their attitudes from passive compliance with environment safety and health laws and regulations in the past into the pro-active and conscious compliance through implementation of environment safety and health management system, which will facilitate the Company to show its performance in environment safety and health and improve its corporate system and competitiveness in the market, so as to improve the Company's image and further achieve the goal of sustainable management.

(III) Protective measures for work environment and employees' personal safety

ITEQ Corporation provides a safe and healthy working environment for its employees to protect their lives and health, and implements regular safety and health activities:

- Safety, health and hazard awareness training for new employees.
- The relevant departments implement weekly and monthly environmental and facility inspections.
- General on-the-job safety and health training for employees.
- The training for special operation employees, such as first aid personnel, the personnel testing organic solvent, noise, carbon dioxide and lighting every six months in free radiation operation workplace, organic solvent operation supervisor or forklift operators, the environmental safety work skills certification shall be carried out according to the law.

Work safety inspection		
Cycle	Inspection team	Inspection times
Day	Work safety and health inspection Inspection at gate for work safety and health	Once in the morning and once in the evening 8:00~8:30 every day
Day, week	Field supervisor inspection 7S inspection	Day-to-day inspection at department level 2 weekly inspections at devision level
Day, week	Construction inspection for work safety and health	Day-to-day inspection below department level 2 weekly inspections at devision level
Irregular	Joint inspection of the administration department	Irregular plant area inspection

Item	Description	Result
Establishment of a safety and health management unit	Establish a safety and health management unit (Work Safety and Health Department) in accordance with Labor Safety and Health Act.	The Company has established Work Safety and Health Department being responsible for promoting labor safety and health management.
Formulation of the rules for staff safety and health at work as well as	Specify safety and health duties for employees to follow safety and health matters, and include	1. The Company has established the Rules for Workers' Safety and Health at Work and reported it to the Ministry of Labor

Item	Description	Result
safety and health management plans	them in daily inspection to ensure safe operation in the plants.	for reference. 2. The plants are equipped with work safety and health persons to conduct safety inspections and audits in the workplaces of the plants to maintain the safety and health of workers.
Self-inspection and environment management	● Inspect various machines and operating points, and conduct regular maintenance, safety inspection and management on and for hazardous machinery and equipment. ● Test and assess operating environment on semiannual basis. ● Conduct public safety inspection on buildings annually.	1. There are dedicated persons conducting patrol inspection on dangerous equipment every day, and conducting safety inspection regularly. 2. The Company entrusts the safety inspection institution recognized by the Ministry of Labor to carry out regular safety inspection every year. All results in 2021 complied with safety regulations. 3. The Company inspects operating environment semiannually. All results comply with operating environment standards.
Establishment of special persons, education and training	● Establish supervisors and professional persons for special operation in accordance with Safety and Health Act. ● Arrange persons to receive internal trainings and external license trainings to improve the professional quality of personnel. ● Receive regular retraining by the supervisors and professional persons for special operation.	1. The Company will conduct safety trainings for new employees immediately upon enrollment. 2. The Company arranges persons to receive external trainings irregularly, including trainings for organic solvent operating supervisors, stacker operators and dangerous equipment operators.
Fire Safety and Management	● Establish fire-fighting and fire alarm systems, as well as fire-extinguishing facilities, and regularly inspect and maintain them. ● Entrust a qualified organization to conduct fire safety inspection every year. ● Conduct firefighting training every six months to train personnel's fire-fighting knowledge and response ability.	1. The fire-fighting facilities of the Group's branches are established in accordance with local fire-fighting laws and regulations. 2. Fire-fighting facilities are inspected and tested by fire-fighting department every month, and the Company entrusts a professional company to carry out inspection and testing every year. 3. The plants regularly implement trainings on fire-fighting knowledge as well as the operation and use of fire extinguishers. 4. The plants have established emergency response organizations, and conduct drills and training for the response organizations every year to deal with accidents.

V. Employment relations management

(I) The Company’s staff benefit measures, continuing education, training, retirement systems, and their implementation status, labor-management agreements, and measures for safeguarding staff rights and interests

1. The Company provides various complete safety systems, and offers retirement and labor health insurance, complete education and trainings, incentive remuneration, etc. Its relevant benefit policies are as follows:

(1) Staff benefit measures

A. If annual business goals are met: pay dividends and year-end bonuses.
B. Pay performance bonuses according to the production and operating conditions of every month.
C. Encourage employees to subscribe shares, and participate in the Company's operating jointly.
D. Retirement systems: implemented in accordance with Labor Standards Act.
E. Provide Labor Insurance, National Health Insurance, Employee Group Insurance (Term, Accident and Medical Insurances), Business Travelling Group Injury Insurance.
F. Organize employees for regular health checkup
G. Provide various staff trainings and regularly hold book clubs.
H. Provide meals for staff free of charge.
I. Provide staff with uniforms for free.
J. Provide dormitories and traffic vehicles, and establish basketball and tennis courts, as well as recreational green spaces in plant area.
K. Allocate a certain amount as staff benefits for Staff Benefit Committee to handle various subsidies (marriage, childbirth, employee retirement, bereavement and family member bereavement and other subsidies) and staff culture, health, sports, and other leisure activities.

(2) Employee education and training

A. Have planned a complete talent development system, and formulated "Annual Education and Training Plan", including pre-job training for new employees, management functions training, professional functions training, external training, staff self-development, etc., in order to cultivate the professional talents needed by the Company, and develop the professional skills and management functions of employees.
B. Effectively promote new employees' understanding of the Company's business philosophy, corporate culture, product awareness and quality control, labor safety and health, environment protection concepts, etc., and conduct pre-job training to cultivate outstanding employees for ITEQ.
C. Arrange training courses for the professional knowledge and skills needed by employees at all levels, cultivate management persons concerning their professional quality and ability to communicate with leaders, develop personal learning and development blueprints, promote the "Professional and Management Functions" training program, and implement "Professional Talents Certification" system.

Unit: NT$ thousand

Type of Course	Number of Persons	Training Hours	Training Costs
New employee training	6,580	12,587	3,074
Supervisor ability training	1,766	4,066	
Quality and profession training	16,282	31,190	
Environment safety and health training	13,473	26,109	
Technical engineering training	1,155	2,394	
Professional functions training	6,689	66,849	
Corporate culture and general knowledge training	14,077	19,468	
Total	80,022	162,663	

(3) Employee health

The Company attaches importance to employee health and welfare measures and has set up an industrial safety and health department. In addition to regular annual employee health checkups, safety education and health seminars are held from time to time to prevent occupational accidents in order to maintain the physical and mental health of employees and improve their productivity and satisfaction at work.

Object	Affected Object	Topics	Evaluation/Communication Channel	Mitigation Measure
Employee	All Employees	Health Promotion	1. Annual Health Examination 2. Occupational Disease Prevention 3. Employee Health Protection Plan 4. Occupational Safety and Health Committee	1. According to the results of employee health checkups, we provide health information and consultation with doctors. 2. Work environment monitoring and inspection for prevention of occupational diseases. 3. Improvement of the working environment and organization of health lectures. 4. Monthly occupational physician consultation to assist in implementing health programs. 5. Execution of the four major plans.

(4) Company-school cooperation

Our Company cooperates with the Department of Molecular Science and Engineering and the Department of Chemical Engineering and Biotechnology of Taipei University of Technology to provide internship opportunities for students in the second semester of their senior year. After graduation, we will sign a three-year contract with the students and provide them with a long-term training program for the reserve cadres. In

addition to annual salary adjustments, long-term bonuses, guaranteed year-end bonuses, and other incentives, we will also provide them with training at overseas plants to become important successors of the Group in the future.

In 2022, the Company conducted company-school cooperation with the Department of Molecular Science and Engineering and the Department of Chemical Engineering and Biotechnology of the Taipei University of Technology, and has offered opportunities to six students.

(5) Work-family balance of employees

In order to promote the balanced physical and mental development of employees and the concept of a healthy workplace, we provide various insurance benefits and pension contributions in accordance with local laws or practices, as well as group insurance that is better than the law to protect the safety of employees at work and in life. We also encourage our employees to get married and provide them with car parking spaces, breastfeeding rooms, maternity leave, paternity leave, family care leave, wedding leave and maternity gifts from the Welfare Committee.

2. Retirement system and its implementation status

Retirement System	Old system	New system
Applicable laws	Labor Standards Act, a defined benefit retirement plan.	Labor Pension Act, a defined allocation and retirement plan managed by government
How to allocate	The accumulated contributions to the Labor Retirement Reserve Fund are sufficient to cover the Labor Retirement Reserve Fund. After consideration and approval by the Labor Pension Supervisory Committee and approval by the Taoyuan County Government and Hsinchu County Government, contributions to the Labor Retirement Reserve Fund were suspended from March 2009 to February 2011 and from March 2021 to March 2023.	The Company allocates 6% to their individual dedicated pension accounts of the Labor Insurance Bureau according to each employee's insurance level.
Contribution amount	The fair value of plan assets as of the end of 2022 was NT$51,165 thousand and the accrued pension assets were NT$28,459 thousand.	The pension expense for 2022 was NT$13,703 thousand.

Subsidiaries operating in the mainland China participate in a social security program administered and coordinated by local government agencies in mainland China. The program is on a defined contribution basis, and pension insurance premiums paid to the government-administered social security program are accrued as a percentage of wages in accordance with the standards set by the local government.

3. Labor-management agreements and measures for safeguarding staff rights and interests

The Company has a harmonious labor-management relation, and employees have a high cohesion force for the Company. In addition to strengthening the communication between employees and employer, teamwork, attaching importance to employees' opinions and complaints, as well as establishment of an Employee Benefit Committee to be responsible for the planning for staff benefits, the Company establishes "Suggestion Box" in its plants for its staff opinions to be delivered to General Manager and Chairman directly, holds regular employees' meetings, and implements sexual harassment prevention and punishment rules, therefore, there's no labor dispute occurred until now.

(II) Losses arising from labor disputes in the most recent year as of the publication date of the

Annual Report, and disclosure of current and future possible losses and countermeasures

1. Current and future possible countermeasures: None.
2. Current and future possible loss: None.

(III) Employees' Code of Conduct

Have formulated Code of Conduct and Employees' Code of Conduct to clearly deliver the rules to ITEQ Directors, Managerial Officers and employees for them to follow. Their contents are as follows:

1. All employees' acts shall be honest and ethical. All employees shall avoid benefiting themselves in case of any conflict of interest between themselves and the Company.
2. The Company's confidential information shall be kept confidential.
3. Treat employees, customers, suppliers, and competitors in a fair manner.
4. Protect the Company's assets for effective utilization.
5. Comply with government laws, rules and regulations, including insider trading-related laws and regulations.
6. Have the measures for dealing with and imposing penalties on any violation or possible violation of regulations.

VI. Information and Communication Security

(I) Describe the information security risk management framework, information security policies, specific management plans and resources devoted to information security management.

1. Information Security Organization: In 2007, the Company established the "IC Security Committee" to coordinate and promote information security management in order to maintain the security of the Company's information assets. The information security-related management rules, system management and new technology evaluation and research are the responsibility of the Information Management Department.

2. Information Security Policy:

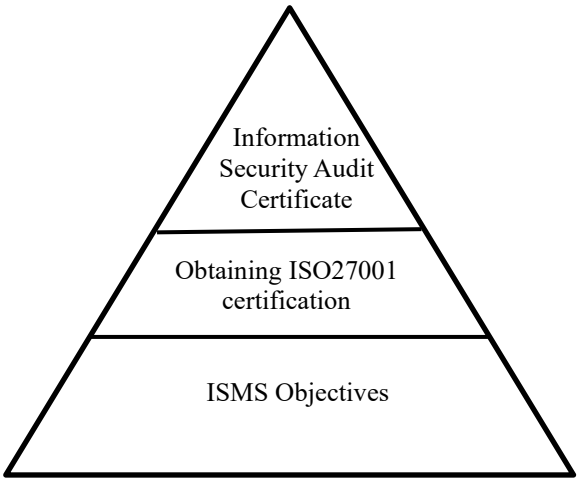
   (1) To establish information security management standards that meet regulatory and customer needs.
   (2) To protect the confidentiality, integrity and availability of valuable information of the Company.
   (3) To make employees aware of information security and reach a consensus that everyone is responsible for information security.

3. Information Security Objective:

(1) "Information Security Management System (ISMS) Construction Counseling and ISO27001 Certification Acquisition"
(2) Establishment of ISMS complying with ISO27001:2013:
   A. Strengthen the technical protection capability of information and communication security operation and environment in the project area.
   B. To strengthen the implementation and integrity of the system.
(3) To assist in reviewing the various protection measures for information and communication security and propose improvement plans to meet the various regulations and requirements of specific non-public authorities under Level A of the Information and Communication Security Responsibility.
(4) In accordance with the selected scope of certification, we will assist in passing the third-party verification by an internationally recognized certification authority and obtaining the ISO27001:2022 international safety certificate.
(5) The management team has obtained 4 ISO27001:2022 LA professional licenses

for information security.

(6) To enhance employees' awareness of information security protection and professional ability of information security management and technology.



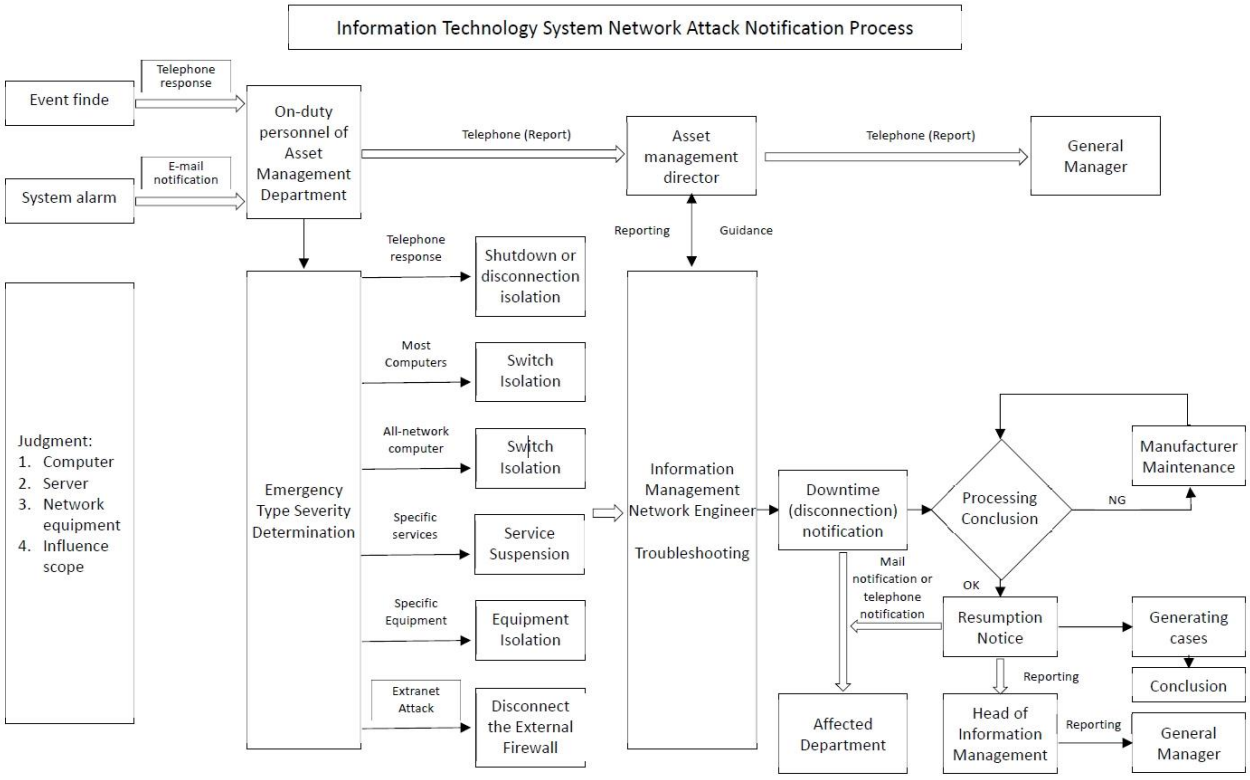
4. In order to strengthen information security management and ensure the security of data, systems, equipment and network, the Company has established information security management measures. The specific measures are as follows:

Risk Items	Management unit	Countermeasures
Education, training and propaganda	Administration Department Asset Management Department	Conduct the education, training and propaganda of asset management security each month, establish the staff's conception of information security and strengthen the awareness of information security, and be responsible for the system's authentication, password control, access authorization and periodic weakness scanning.
Network threat	Asset Management Department	To establish multi-level defense system for network, such as IPS, firewall, next-generation firewall, and two-factor VPN, and build control mechanisms, such as computer virus detection, spam filtering, outgoing mail release control, Internet behavior management, and portable electronic storage media to reduce network threats.
Asset management	Asset Management Department	Information software/hardware assets are registered and controlled, and personnel operation-related privileges must be applied for and approved before use under authorization. All the information equipment shall be configured according to the standard setup of the Company when entering, leaving the plant. All equipment leaving the plant shall be formatted or destroyed to confirm that there is no data leakage.
Redundancy mechanism	Asset Management Department	Maintain redundancy and remote backup of essential services and data to ensure uninterrupted service and data loss. Implement annual backup recovery drills for critical systems.
File encryption	Asset Management Department	Use document preservation and encryption technology to protect important confidential information inside the Company, distinguish different roles and authorities and avoid unauthorized outflow of confidential and sensitive documents.

Operation Continuity	Asset Management Department	Evaluate annually the impact of various man-made and natural disasters on business operations, review emergency response and recovery procedures and the rights and responsibilities of relevant personnel, and rehearse and adjust updated plans.
Operation Audit	Audit Department, and all units	To ensure the implementation of daily operations, annual audits of information security operations shall be conducted by the Audit Department in conjunction with all relevant units.
Information Security Incident Handling	Asset Management Department	Make a disaster recovery plan. Regular simulation drills. Prepare report on the implementation of the disaster recovery plan to review and improve it afterwards.

5. Information Security Incident Notification Process:

In case of a suspected information security incident, the discoverer shall notify the responsible unit and the information security handling team in accordance with the "Information Security Emergency Response Plan and Handling Procedures".



6. Information security-related education and training:

In 2022, the Group held 6 classes for 3 hours and 2,942 attendees for information security related training courses, mainly on the following topics: starting to read, strengthening information security, and protecting computer security.

In 2022, the Group held 18 information security presentations, including the following items: emails, account passwords, how to protect against corporate email phishing threats, real name information system, download security and file encryption, web browsing, and virus prevention.

7. The Company's investment in information security resources:

Next-generation firewall, guest service backup server, additional group file encryption system license, offline disaster recovery, etc.

(II) In the most recent year, the loss suffered due to a major information security incident, the possible impact and the measures taken.

1. The Company has no significant information security incidents that could cause business damage.
2. We will continue to implement specific measures for information security management in order to protect the security of our information assets.

VII. Important Contracts

Type of Contract	Related Parties	Contract Duration	Contract Content	Restrictions
Plant leasing contract	WIN Semiconductors Corp.	2013.01.09~ 2028.12.31	The Company rented 14 lands and plants, including No. 244 land plot, Xinpu Town, Hsinchu County, from WIN Semiconductors Corp.	—
Long-term borrowing contract	KGI Commercial Bank	2022.12.28~ 2024.12.28	NT$500 million of credit line	—
Long-term borrowing contract	Agricultural Bank of Taiwan	2022.07.19~ 2025.07.19	NT$500 million of credit line	—
Long-term borrowing contract	Bank of China	2022.05.24~ 2024.05.23	US$25 million of credit line	—

Chapter VI. Financial Information

I. Condensed Financial Information of the Most Recent 5 Years

(I) Condensed Balance Sheet and Income Statement

1. Condensed Balance Sheet (Consolidated Statements) - International Financial Reporting Standards (IFRS)

Unit: NT$ thousand

Item \ Year		Financial Information of the Most Recent Five Years (Note 1)				
		2018	2019	2020	2021	2022
Current assets		15,116,866	17,982,751	18,604,627	24,375,369	21,468,941
Property, plant and equipment		2,392,737	3,622,555	4,529,625	6,504,769	6,556,717
Right-of-use assets		—	425,833	370,720	310,873	298,374
Intangible assets		9,055	9,675	8,713	8,360	9,141
Other assets		1,176,646	1,439,534	2,170,693	5,037,915	5,050,436
Total assets		18,695,304	23,480,348	25,684,378	36,237,286	33,383,609
Current liabilities	Before distribution	9,404,083	12,544,426	9,978,761	14,264,805	10,883,035
	After distribution	10,555,320	14,209,212	11,643,547	16,179,591	11,971,907
Non-current liabilities		1,299,249	2,010,391	2,311,963	657,743	2,389,588
Total Liabilities	Before distribution	10,703,332	14,554,817	12,290,724	14,922,548	13,272,623
	After distribution	11,854,569	16,219,603	13,955,510	16,837,334	14,361,495
Equity attributable to owners of parent company		7,991,972	8,925,531	13,393,654	21,314,738	20,110,986
Share capital		3,029,572	3,029,572	3,329,572	3,829,572	3,629,572
Capital surplus		653,239	653,239	3,682,051	9,690,481	9,201,666
Retained earnings	Before distribution	4,514,841	5,826,110	6,826,967	8,308,867	7,561,086
	After distribution	3,363,604	4,161,324	5,162,181	6,394,081	6,472,214
Other equity		(205,680)	(583,390)	(444,936)	(514,182)	(281,338)
Treasury shares		—	—	—	—	—
Non-controlling equity		—	—	—	—	—
Total equity	Before distribution	7,991,972	8,925,531	13,393,654	21,314,738	20,110,986
	After distribution	6,840,735	7,260,745	11,728,868	19,399,952	19,022,114

Note 1. The financial information has been audited by CPAs.

2. Condensed Balance Sheet (Individual Statements) - International Financial Reporting Standards (IFRS)

Unit: NT$ thousand

Item \ Year		Financial Information of the Most Recent Five Years (Note 1)				
		2018	2019	2020	2021	2022
Current assets		2,423,157	3,459,316	2,743,473	3,403,825	1,879,385
Long-term investment		10,703,125	11,889,401	14,668,632	18,346,299	20,812,109
Property, plant and equipment		816,832	694,635	543,675	295,185	833,619
Right-of-use assets		—	258,025	229,848	200,295	174,021
Intangible assets		—	—	—	—	—
Other assets		221,524	334,970	323,771	1,393,603	1,280,577
Total assets		14,164,638	16,636,347	18,519,399	23,639,207	24,979,711
Current liabilities	Before distribution	4,895,916	5,833,038	2,925,415	1,756,218	3,062,502
	After distribution	6,047,153	7,497,824	4,590,201	3,671,004	4,151,374
Non-current liabilities		1,276,750	1,877,778	2,200,330	568,251	1,806,223
Total Liabilities	Before distribution	6,172,666	7,710,816	5,125,745	2,324,469	4,868,725
	After distribution	7,323,903	9,375,602	6,790,531	4,239,255	5,957,597
Equity attributable to owners of parent company		7,991,972	8,925,531	13,393,654	21,314,738	20,110,986
Share capital		3,029,572	3,029,572	3,329,572	3,829,572	3,629,572
Capital surplus		653,239	653,239	3,682,051	9,690,481	9,201,666
Retained earnings	Before distribution	4,514,841	5,826,110	6,826,967	8,308,867	7,561,086
	After distribution	3,363,604	4,161,324	5,162,181	6,394,081	6,472,214
Other equity		(205,680)	(583,390)	(444,936)	(514,182)	(281,338)
Treasury shares		—	—	—	—	—
Non-controlling equity		—	—	—	—	—
Total equity	Before distribution	7,991,972	8,925,531	13,393,654	21,314,738	20,110,986
	After distribution	6,840,735	7,260,745	11,728,868	19,399,952	19,022,114

Note 1. The financial information has been audited by CPAs.

3. Condensed Comprehensive Income Statement (Consolidated Statements) - International Financial Reporting Standards (IFRS)

Unit: NT$ thousand, except for NT$ for each share

Item \ Year	Financial Information of the Most Recent Five Years (Note 1)				
	2018	2019	2020	2021	2022
Operating Revenue	22,401,722	23,791,315	25,421,687	32,524,688	29,129,710
Operating gross Profit	3,255,562	4,779,572	4,950,614	5,979,549	3,939,903
Operating Income	1,784,390	3,103,529	3,218,206	3,819,496	1,896,419
Non-operating income and expense	407,493	(9,493)	176,315	(4,793)	418,706
Net profit before tax	2,191,883	3,094,036	3,394,521	3,814,703	2,315,125
Current net income from continued operating	1,774,557	2,463,300	2,665,565	3,144,803	1,855,173
Loss from discontinued operating	—	—	—	—	—
continued operating	1,774,557	2,463,300	2,665,565	3,144,803	1,855,173
Current other comprehensive income (or loss) (net amount after tax)	(126,085)	(378,504)	138,532	(67,363)	239,066
Current total comprehensive income	1,648,472	2,084,796	2,804,097	3,077,440	2,094,239
Net income attributable to owners of parent company	1,774,557	2,463,300	2,665,565	3,144,803	1,855,173
Net income attributable to non-controlling equity	—	—	—	—	—
Total comprehensive income attributable to owners of parent company	1,648,472	2,084,796	2,804,097	3,077,440	2,094,239
Total comprehensive income attributable to non-controlling equity	—	—	—	—	—
Earnings per share	5.86	8.13	8.19	9.00	4.94

Note 1: The financial information has been audited by CPAs.

4. Condensed Comprehensive Income Statement (Individual Statements) - International Financial Reporting Standards (IFRS)

Unit: NT$ thousand, except for NT$ for each share

Item \ Year	Financial Information of the Most Recent Five Years (Note)				
	2018	2019	2020	2021	2022
Operating Revenue	4,042,620	5,024,371	5,218,052	3,680,011	1,946,161
Operating gross Profit	448,430	781,774	590,763	(98,898)	(114,727)
Operating net income (or loss)	(130,264)	64,618	(200,378)	(761,761)	(738,221)
Non-operating income and expense	1,938,443	2,497,953	2,899,867	3,871,782	2,610,604
Net profit before tax	1,808,179	2,562,571	2,699,489	3,110,021	1,872,383
Current net income from continued operating	1,774,557	2,463,300	2,665,565	3,144,803	1,855,173
Loss from discontinued operating	—	—	—	—	—
continued operating	1,774,557	2,463,300	2,665,565	3,144,803	1,855,173
Current other comprehensive income (or loss) (net amount after tax)	(126,085)	(378,504)	138,532	(67,363)	239,066
Current total comprehensive income	1,648,472	2,084,796	2,804,097	3,077,440	2,094,239
Net income attributable to owners of parent company	1,774,557	2,463,300	2,665,565	3,144,803	1,855,173
Net income attributable to non-controlling equity	—	—	—	—	—
Total comprehensive income attributable to owners of parent company	1,648,472	2,084,796	2,804,097	3,077,440	2,094,239
Total comprehensive income attributable to non-controlling equity	—	—	—	—	—
Earnings per share	5.86	8.13	8.19	9.00	4.94

Note : The financial information has been audited by CPAs.

(II) Names and auditing opinions of CPAs in the most recent five years

Year	CPA Firm	CPA	Opinion
2018	Deloitte Taiwan	Jui-Chen Huang, Po-Jen Weng	Unmodified opinion
2019	Deloitte Taiwan	Cheng-Hsiu Yang, Po-Jen Weng	Unmodified opinion
2020	Deloitte Taiwan	Cheng-Hsiu Yang, Po-Jen Weng	Unmodified opinion
2021	Deloitte Taiwan	Cheng-Hsiu Yang, Po-Jen Weng	Unmodified opinion
2022	Deloitte Taiwan	Kuan-Hao Li, I-Chi Chien	Unmodified opinion

II. Financial Analysis for the Most Recent Five Years

(I) Financial Analysis (Consolidated Statements) - International Financial Reporting Standards (IFRS)

Analysis Item \ Year		Financial Analysis for the Most Recent Five Years				
		2018	2019	2020	2021	2022
Financial Structure (%)	Liabilities to assets ratio	57.25	61.99	47.85	41.18	39.76
	Ratio of long-term capital to property, plant, and equipment	388.31	270.13	320.50	322.38	328.23
Solvency (%)	Current ratio	160.75	143.35	186.44	170.88	197.27
	Quick ratio	143.53	121.42	153.14	134.00	171.01
	Interest coverage ratio (times)	42.34	44.74	45.27	48.02	22.66
Operating Ability	Receivables turnover ratio (times)	2.62	2.45	2.37	2.70	2.30
	Average days for cash receipts	139.00	149.00	154.00	135.00	159.00
	Inventory turnover ratio (times)	10.64	8.52	6.93	5.97	5.90
	Payables turnover ratio (times)	4.19	3.57	3.64	4.43	3.86
	Average days for sale of goods	34.00	43.00	53.00	61.00	62.00
	Property, plant and equipment turnover ratio (times)	7.77	5.90	4.42	3.70	2.63
	Total assets turnover ratio (times)	1.22	1.13	1.03	1.05	0.84
Profitability (%)	Return on assets	9.89	11.95	11.09	10.37	5.57
	Return on equity	23.23	29.12	23.89	18.12	8.96
	Net pre-tax profit to paid-in capital ratio	72.35	102.13	101.95	99.61	63.79
	Net profit ratio	7.92	10.35	10.49	9.67	6.37
	Earnings per share (NT$) (Note 1)	5.86	8.13	8.19	9.00	4.94
Cash flow (%)	Cash flow ratio	10.16	16.11	10.48	22.10	59.05
	Cash flow adequacy ratio	81.35	79.52	56.38	39.98	63.94
	Cash reinvestment ratio	0.12	5.94	(3.21)	6.54	18.60
Leverage	Operating leverage	1.30	1.19	1.24	1.25	1.56
	Financial leverage	1.03	1.02	1.02	1.02	1.06

The reasons for change in the financial ratios in the most recent two years are explained as follows (not required if the difference does not exceed 20%):

1. Solvency:
   (1) The quick ratio was due to a 47% decrease in the inventory balance from the end of 2021 due to the inventory de-stocking initiated in the second quarter of 2022;
   (2) The interest coverage multiple decreased to 22.66 times due to lower net income and higher finance costs.
2. Operating capacity: Fixed asset turnover and total asset turnover declined due to the decline in operating income.
3. Profitability: In the second half of 2022, due to the decline in market demand, revenue and net income after tax decreased by (10.44%) and (41.01%), respectively, compared to 2021, resulting in a significant decline in the financial ratio related to net income after tax.
4. Cash flow: In the second half of 2022, due to the decline in revenue as a result of the sluggish market demand, the balances of accounts receivable, inventories and accounts payable dropped significantly at the end of December 2022, and the net cash inflow from operating activities reached NT$6,426 million, an increase of 103.8% from the end of 2021, resulting in a significant increase in the cash flow related ratio.
5. Leverage: Although revenue and profits have declined, Jiangxi continues to expand its plant. The depreciation expenses increased in the 2022, resulting in higher operating leverage.

Note 1. Earnings per share were calculated based on the adjusted weighted average number of shares.

Note 2. The financial information was audited by CPAs.

(II) Financial Analysis (Individual Statements) - International Financial Reporting Standards (IFRS)

Analysis Item \ Year		Financial Analysis for the Most Recent Five Years				
		2018	2019	2020	2021	2022
Financial Structure (%)	Liabilities to assets ratio	43.58	46.35	27.68	9.83	19.49
	Ratio of long-term capital to property, plant, and equipment	1,134.72	1,134.02	2,015.97	4,416.52	2,175.10
Solvency (%)	Current ratio	49.49	59.31	93.78	193.82	61.37
	Quick ratio	43.09	46.89	70.94	161.92	54.32
	Interest coverage ratio (times)	43.08	50.39	76.94	128.00	92.15
Operating Ability	Receivables turnover ratio (times)	3.50	3.40	3.43	2.93	1.94
	Average days for cash receipts	104.00	108.00	107.00	125.00	188.00
	Inventory turnover ratio (times)	10.12	7.66	6.10	5.12	3.64
	Payables turnover ratio (times)	3.43	3.35	3.77	4.48	2.82
	Average days for sale of goods	36.00	48.00	60.00	71.00	100.00
	Property, plant and equipment turnover ratio (times)	4.48	5.68	6.05	7.08	2.59
	Total assets turnover ratio (times)	0.29	0.33	0.30	0.17	0.08
Profitability (%)	Return on assets	13.07	16.26	15.33	15.02	7.70
	Return on equity	23.23	29.12	23.89	18.12	8.96
	Net pre-tax profit to paid-in capital ratio	59.68	84.59	81.08	81.21	51.59
	Net profit ratio	43.90	49.03	51.08	85.46	95.32
	Earnings per share (NT$) (Note 1)	5.86	8.13	8.19	9.00	4.94
Cash flow (%)	Cash flow ratio	(7.56)	1.64	(7.85)	(6.01)	4.13
	Cash flow adequacy ratio	(16.78)	(12.88)	(8.98)	(7.04)	(5.19)
	Cash reinvestment ratio	(12.81)	(9.13)	(11.46)	(8.35)	(8.30)
Leverage	Operating leverage	(0.60)	5.14	(0.10)	0.79	0.74
	Financial leverage	0.75	5.07	0.85	0.97	0.97

The reasons for change in the financial ratios in the most recent two years are explained as follows (not required if the difference does not exceed 20%):

1. Financial Structure:
   (1) Gearing ratio: The gearing ratio increased in 2022 due to new financial borrowings as a result of cash dividends and working capital requirements;
   (2) Decrease in the ratio of long-term capital to fixed assets: The post-disaster reconstruction and construction of new business units in Taiwan in 2022 increased fixed assets by 1.82 times compared to the previous year.
2. Solvency: At the end of 2022, current assets decreased by 44.8% compared with the previous period due to the decrease in revenue, but new short-term borrowings of NT$1.8 billion increased current liabilities by 74.4%, resulting in a lower current and quick ratio; the interest coverage multiple also decreased due to higher finance costs.
3. Operating ability: In 2022, revenue dropped by 47.1% and operating costs dropped by a similar percentage. However, accounts receivable, inventory and accounts payable were calculated based on the average amounts at the beginning and end of the period, so the turnover rate dropped and the accounting period and sales days lengthened. Fixed asset turnover and total asset turnover rates also decreased due to the decline in revenue.
4. Profitability: In the second half of 2022, due to the decline in market demand, the net income after tax decreased by (41.01%) compared to 2021, resulting in a significant decline in the financial ratio related to net income after tax.
5. Cash flow: In the second half of 2022, due to the sluggish market demand, revenue declined and the balances of accounts receivable, inventories and accounts payable dropped significantly at the end of December 2022. The net cash inflow from operating activities was NT$126 million compared to the net cash outflow from operating activities in 2021 which was NT$106 million, resulting in better cash flow ratio and cash flow equivalent ratio.

Note 1. Earnings per share were calculated based on the adjusted weighted average number of shares.

Financial ratio calculation formulas are as follows:

1. Financial Structure
   (1) Liabilities to assets ratio = Total liabilities/Total assets.
   (2) Ratio of long-term capital to property, plant, and equipment = (Total equity + Non-current liabilities)/Net value of property, plant, and equipment.
2. Solvency
   (1) Current ratio = Current assets/Current liabilities.
   (2) Quick ratio = (Current assets - Inventories - Prepaid expenses)/Current liabilities.
   (3) Interest coverage ratio = Income before tax and interest expenses/Interest expenses.
3. Operating Ability
   (1) Receivables (including receivables and the notes receivable generated from operating) turnover ratio = Net sales amount/Average balance of receivables (including receivables and the notes receivable generated from operating) of the periods.
   (2) Average days for cash receipts = 365/Receivables turnover ratio.
   (3) Inventory turnover ratio = Cost of goods sold/Average inventories.
   (4) Payables (including payables and notes payable generated from operating) turnover ratio = Cost of goods sold/Average balance of payables (including payables and notes payable generated from operating) of the periods.
   (5) Average days for sale of goods = 365/Inventory turnover ratio.
   (6) Property, plant and equipment turnover ratio = Net sales amount/Average net property, plant and equipment.
   (7) Total assets turnover ratio = Net sales amount/Average total assets.
4. Profitability
   (1) Return on assets = [Income after tax + Interest expenses × (1 - tax rate)]/Average total assets.
   (2) Return on equity = Income after tax/Average total equity.
   (3) Net profit ratio = Income after tax/Net sales amount.
   (4) Earnings per share = (Net income after tax - Dividends to preferred stock) / Weighted average of shares issued.
5. Cash flow
   (1) Cash flow ratio = Net cash flows from operating activities/Current liabilities.
   (2) Cash flow adequacy ratio = Net cash flows from operating activities of the recent five years (Capital expenditure + inventory additions + cash dividend) of the recent five years.
   (3) Cash reinvestment ratio = (Net cash flows from operating activities - cash dividends)/(Gross amount of property, plant and equipment + Long-term investment + Other assets + Operating capital).
6. Leverage
   (1) Operating leverage = (Net operating revenue - Variable expenses and costs) /Operating income.
   (2) Financial leverage = Operating income/ (Operating income - Interest expenses).

III. Audit Committee' Report for the Most Recent Year:
See Appendix III for details (page 135).

IV. The Financial Statements of the most recent year, together with CPAs' Audit Report:
See Appendix IV for details (page 136)

V. Parent Company Only Financial Statements Certified by CPAs of the Most Recent Year:
See Appendix V for details (page 207).

VI. Any financial difficulties experienced by the Company or its affiliates in the most recent year as of the publication date of the Annual Report: None.

Chapter VII. Review and Analysis on Financial Status and Performance, and Risks

I. Review and Analysis on Financial Status

Main reasons for and impact of significant changes in assets, liabilities and equity in the most recent two years, future countermeasures shall be specified in case of significant effect.

(I) Financial Statements (Consolidated) - International Financial Reporting Standards (IFRS)

Unit: NT$ thousand

Item \ Year	2021.12.31	2022.12.31	Difference Amount	Change (%)
Current assets	24,375,369	21,468,941	(2,906,428)	-11.92%
Property, plant and equipment	6,504,769	6,556,717	51,948	0.80%
Right-of-use assets	310,873	298,374	(12,499)	-4.02%
Intangible assets	8,360	9,141	781	9.34%
Other assets	5,037,915	5,050,436	12,521	0.25%
Total assets	36,237,286	33,383,609	(2,853,677)	-7.87%
Current liabilities	14,264,805	10,883,035	(3,381,770)	-23.71%
Long-term borrowing	—	1,676,771	1,676,771	100.00%
Other Liabilities	657,743	712,817	55,074	8.37%
Total Liabilities	14,922,548	13,272,623	(1,649,925)	-11.06%
Share capital	3,829,572	3,629,572	(200,000)	-5.22%
Capital surplus	9,690,481	9,201,666	(488,815)	-5.04%
Retained earnings	8,308,867	7,561,086	(747,781)	-9.00%
Other items of shareholders' equity	(514,182)	(281,338)	232,844	-45.28%
Total shareholder equity	21,314,738	20,110,986	(1,203,752)	-5.65%

- Analysis and description of increase (decrease) over 20%:
  1. Decrease in current liabilities: The significant decrease in accounts payable and other payables for construction and equipment at the end of 2022.
  2. Increase in long-term borrowings: New financial borrowings were raised in 2022 due to cash dividend payment and medium-term working capital requirements.
  3. Other items of shareholders' equity: was mainly caused by the increase in exchange difference upon conversion of the financial statements of overseas reinvested companies caused by the impact of the change in exchange rate.
- Impact of the changes in the financial status of the most recent two years: No significant effect on financial status.
- Future countermeasures: N/A.

II. Review and Analysis on Financial Performance

Main reasons for the changes in the operating revenue, net operating income and net pre-tax profit of the most recent two years, estimated sales volume and its basis, possible effect on the Company's finance and business in the future, and plans in response.

(I) Financial Statements (Consolidated) - International Financial Reporting Standards (IFRS)

Unit: NT$ thousand

Item \ Year	2021	2022	Difference Amount	Change (%)
Net operating revenue	32,524,688	29,129,710	(3,394,978)	-10.44%
Operating costs	26,545,139	25,189,807	(1,355,332)	-5.11%
Operating gross profit	5,979,549	3,939,903	(2,039,646)	-34.11%
Operating expenses	2,160,053	2,043,484	(116,569)	-5.40%
Operating Income	3,819,496	1,896,419	(1,923,077)	-50.35%
Non-operating income and expense	(4,793)	418,706	423,499	8,935.78%
Income before Tax	3,814,703	2,315,125	(1,499,578)	-39.31%
Income tax expense	669,900	459,952	(209,948)	-31.34%
Current net profit	3,144,803	1,855,173	(1,289,630)	-41.01%

- Analysis and description of increase or decrease over 20%:

  1. In the second half of 2022, revenue declined due to a decline in market demand, but raw material costs remained at a high level, resulting in a significant decline in gross margin, operating income and net income before tax, income tax expense and net income after tax.
  2. Increase in non-operating income and expenses: Mainly due to the recognition of insurance claim income.

- Estimated sales volume and its basis, as well as possible effect on the Company's finance and business in the future, and plans in response:
  The Company has not disclosed financial estimates, but only established internal goals based on the industrial environment, market supply and demand conditions as well as the Company's operating conditions. The Company will continue to invest more resources in innovation of technologies, improvement of quality and reduction of manufacturing costs, in order to achieve profit goals.

III. Review and Analysis on Cash Flow

(I) Analysis on the changes in the cash flow in 2022

Unit: NT$ thousand

Opening Cash Balance	Net Cash Flows from Operating Activities	Net Cash Inflows (Outflows) from Investing and Financing Activities	Cash Balance (Deficit)	Remedial Measures for Cash Deficit	
				Investing Plan	Financing Plan
4,423,278	6,426,595	(5,636,054)	5,213,819	-	-

Analysis on the changes in the cash flows of current year:

(1) Operating activities: The significant increase in cash inflow was mainly due to the decrease in accounts receivable and inventory, and increase in accounts payable as a result of the decline in market demand in the second half of the year, in addition to the operating profit.

(2) Investment activities: Increased capital expenditures for new plant expansion and post-disaster reconstruction resulted in cash outflows.

(3) Financing activities: Cash outflow from cash dividends and purchase of treasury stock.

(II) Improvement plans for insufficient liquidity: There was no insufficient cash liquidity.

(III) Cash liquidity analysis for the following year

Unit: NT$ thousand

Opening Cash Balance	Net Cash Flows from Operating Activities	Net Cash Inflows (Outflows) from Investing and Financing Activities	Cash Balance (Deficit)	Remedial Measures for Cash Deficit	
				Investing Plan	Financing Plan
5,213,819	1,850,000	(2,500,000)	4,563,819	-	-

Analysis on the changes in the cash flows of current year:

(1) Operating activities: Increase in estimated cash inflows was mainly caused by operating income.

(2) Investing activities: The estimated cash outflow is mainly due to investment in new plants.

(3) Financing activities: Estimated cash outflows were mainly caused by payment of cash dividends.

IV. Impact of Significant Capital Expenditures on Finance and Business in the Most Recent Year:

1. Application of significant capital expenditures and sources of funds

Unit: NT$ thousand

Plan	Actual or Estimated Source of Funds	Actual or Estimated Completion Date	Total Funds Required	Actual or Estimated Funds Utilization	
				2022	2023
Jiangxi Longnan Plant (Phase II)	Borrowing and own funds	2021.10.31	3,612,547	538,517	180,627
Jiangxi Longnan Plant (Phase III)	Borrowing and own funds	2023.5.31	5,240,855	2,095,544	1,834,299

2. Effect on finance and business

Phase II of Jiangxi plant has a planned production capacity of 600,000 pieces, and it has been put into production in 2021 gradually. Phase III have a planned production capacity

of 1.2 million pieces, and it is expected to be put into production in 2023, in order to achieve the benefits of the Group's economic scale. Smooth mass production by Jiangxi plants will increase the overall production capacity of the Group's production lines, and increase production volume, which will have a positive effect on the Company's finance and business.

V. Reinvestment Policy in the Most Recent Year, Main Reasons for Profits or Losses Generated Thereby, Improvement Plans, and Investment Plans for Coming Year

The Company's investment focuses on long-term strategic purposes. However, if the Company evaluates that an investment no longer has significant strategic value, the Company may view it as a financial investment. In 2022, the Company's income from the reinvestment recognized using equity method was NT$2,036,603 thousand, which was mainly caused by the stable operating and profitability of the reinvested companies. In the future, the Company will continue to focus on long-term strategic investments and carefully assess investment plans.

VI. Risks

(I) Impact of changes in interest or exchange rate, as well as inflation on the Company's profits (losses), and future countermeasures

1. Changes in interest rate nd future countermeasures
   The Company pays attention to the change trend of interest rate at any time, maintains close contact with banks, and obtains better interest rate to reduce the Company's interest costs.

Unit: NT$ thousand

Item	2021		2022		Change to the Proportion in Revenue
	Amount	Proportion in Revenue	Amount	Proportion in Revenue	
Financial costs	81,127	0.25%	106,876	0.37%	0.12%

2. Changes in exchange rate nd future countermeasures
   The Company pays attention to the change trend of exchange rate at any time, and balances the Group's foreign exchange exposure positions to reduce the related risks in the Company's exchange rate.

Unit: NT$ thousand

Item	2021		2022		Change to the Proportion in Revenue
	Amount	Proportion in Revenue	Amount	Proportion in Revenue	
Exchange profit (loss)	66,414	0.20%	(105,920)	-0.36%	0.56%

3. Inflation
   The rising prices of base metals, energy and other raw materials and high freight rates have pushed up operating costs and expenses, and cost control and quotes will be appropriately adjusted to reflect the impact of inflation.

(II) Policies for High-Risk and High-Leverage Investments, Loans to Others, Endorsements, Guarantees, and Derivatives Transactions, the Main Reasons for the Profits/Losses Generated Thereby, and Future Countermeasures

The objects of the endorsements, guarantees and loans the Company made to are its fully reinvested companies.

Unit: NT$ thousand

Single Guaranteed Object	Amount of Guarantee A	Actual Allocated Amount B	A as a percentage of 2022 year-end net income	B as a percentage of 2022 year-end net income
Inspire Investments Ltd.	690,975	90,717	3.44%	0.45%
International Partners Ltd.	3,623,780	1,386,088	18.02%	6.89%
Dongguan ITEQ Electronic Technology Co., Ltd.	1,535,500	-	7.64%	-
Jiangxi ITEQ Electronic Technology Co., Ltd.	2,917,450	582,041	14.51%	2.89%
Total amount of endorsements/guarantees by parent company (Note)	8,767,705	2,058,846	43.61%	10.23%

Note: 1. The purpose of making endorsements/guarantees is to apply for financing for the subsidiaries fully invested by the Company.

2. The total amount of endorsements/guarantees the Company is permitted to make to the external shall not exceed 100% of the net worth of the Company, and the amount of endorsements/guarantees for any single enterprise shall not exceed 100% of the net worth of the Company.

Unit: NT$ thousand

Company to which Loan is Made	Ending Balance A	Allocated Amount B	A as a percentage of 2022 year-end net income (Note)	B as a percentage of 2022 year-end net income (Note)
ITEQ Corporation	115,495	115,495	0.57%	0.57%
Inspire Investments Ltd.	347,018	347,018	1.73%	1.73%
ITEQ (Wuxi) Electronic Technology Co., Ltd.	2,296,353	2,208,165	11.42%	10.98%
The Company's inter-Group fund loans and total amount	2,758,866	2,670,678	13.72%	13.28%

Note: The Company’s net worth specified in its 2022 Financial Statements was NT$20,110,986 thousand.

1. The funds lending subjects are the companies fully invested by the Company, for short-term financing.
2. The "total amount" of the funds lent by subsidiaries to others and the funds lent to a “single enterprise” shall not exceed 600% of the recent net worth of the lending company. If the upper limit of the financing funds for the borrowing company is more than 20% of the net worth specified in the most recent financial statements of ITEQ, the upper limit shall be 20% of the net worth specified in the most recent financial statements of ITEQ.

In order to improve finance and management, the Company has formulated the “Operational Procedures for Making Endorsements/Guarantees”, "Procedures for Lending Funds to Others", and “Procedures Governing Acquisition and Disposal of Assets” (covering the rules for derivatives transactions) in accordance with the related

laws and regulations issued by the Securities and Futures Bureau. The Company did not made high-risk or high-leverage investments, nor engaged in derivatives transaction, in the most recent year as of the publication date of the Annual Report. Loans to others and endorsements/guarantees are made in accordance with relevant regulations, regularly audited and announced in accordance with laws.

(III) Future R&D plans and scheduled investment in R&D

Please refer to "Overview of Technology and R&D" in "Operational Highlights" (page 91) for details.

(IV) Impact of the changes in domestic and overseas important policies and laws on the Company's finance and business, and countermeasures

The Company consults relevant professional units, such as attorneys and CPAs etc., for matters related to the changes in important policies and laws both at home and abroad. The Company also asks them to make evaluation, suggestions and plans on and for countermeasures as necessary, so as to comply with laws and reduce any adverse impacts on its finance and business. The Company's finance and business are not impacted by any changes in the important policies and laws both at home and abroad in the most recent year as of the publication date of the Annual Report.

(V) Impact of changes in science, technologies and industry on the Company's finance and business, and countermeasures

The Company's finance and business are not impacted by any changes in science, technologies and industry in the most recent year as of the publication date of the Annual Report. And, the Company usually pays close attention to the industrial status and related emerging technologies in the industry it engages in, so as to respond to any changes in science, technologies and industry at any time. In addition to continued increasing investment in R&D, it also makes appropriate adjustment to its management to maintain a stable and flexible financial management, so as to meet the challenges to be brought by the changes in technologies.

(VI) Impact of changes in corporate image on corporate crisis management, and countermeasures

The Company always uphold the principles of professionalism and ethical corporate management, attaches importance to corporate image and risk control, and implements corporate governance, and it has established Operation Management Committee to coordinate its cross-departmental utilization of resources and build consensus, and understand the Company's capital operation, business status and significant capital expenditures, and proposes improvements and suggestions, which can facilitate the integration of operations and the improvement of efficiency and effectiveness, in order to implement the Company's vision and strategies by giving play to implementation. The Company introduces excellent management talents, which has positive effect on its corporate image, and facilitate effective management on corporate crisis.

(VII) Expected benefits OF, possible risks in and countermeasures for M&A

The Company has no M&A plan up to now.

(VIII) Expected benefits of, possible risks in, and countermeasures for plant expansion

In response to the trend of supply chain shift and customer demand, a new plant in Thailand will be established and the investment plan will be completed in phases from March 2023. The estimated investment amount for the first phase is NT$1,536 million,

which will be financed by existing funds, loans from financial institutions and domestic and foreign capital markets.

(IX) Risks associated with concentrated sale or purchase, and countermeasures

1. Purchase
   At present, as for the sources of purchase, major raw materials are supplied by multiple suppliers, and the Company continues to develop different suppliers to diversify risks. Therefore, there is no risk of concentrated purchase if required raw materials are obtained in time.

2. Sales
   The sales targets are mainly well-known PCB manufacturers both at home and abroad with strong continuous competitiveness. At present, there is no excessive concentrated sale situation and risk; in addition, in response to the great amount demands for the Internet of Vehicles, IoT, smart homes, smart phones, tablets, servers and other products brought by Cloud computing, the Company adjusts its purchase and supply structure, and pro-actively expands its market scale and develops new customers to minimize possible risks.

(X) Impact on the Company of significant transfer of or change in the equity of Directors or the major shareholders holding over 10% shares, risks and countermeasures

There's no significant equity transferred by the Company's major shareholders holding over 10% shares and Directors in the most recent year as of the publication date of the Annual Report. In addition, the Company usually keeps in touch with the shareholders holding many shares at any time, so that they can reduce the shares held by them in a manner of minimizing the possible adverse impacts on the Company's share price and other shareholders.

(XI) Impact of the changes in management power on the Company, risks and countermeasures

There was no change in the Company's management right occurred in the most recent year as of the publication date of the Annual Report.

(XII) Litigation or non-litigation event

Object	Reason for Litigation	Object Amount	Current Handling Status	Assessment by Managements
Italian Customs	Customs case	EUR 524,713.97	The Company won in Cases 5-9 as ruled by the court of second instance. The Italian Customs refused to accept the judgment, and made a lawsuit with the Supreme Administrative Court. The case was ruled in the court in July 2020. The Company lost the case as judged by the Supreme Administrative Court. However, due to the impact of COVID-19, verdict is not provided by the Court yet.	Probability of losing the lawsuit: High, if lose, the guarantee cannot be withdrawn.

(XIII) Other significant risks, and countermeasures

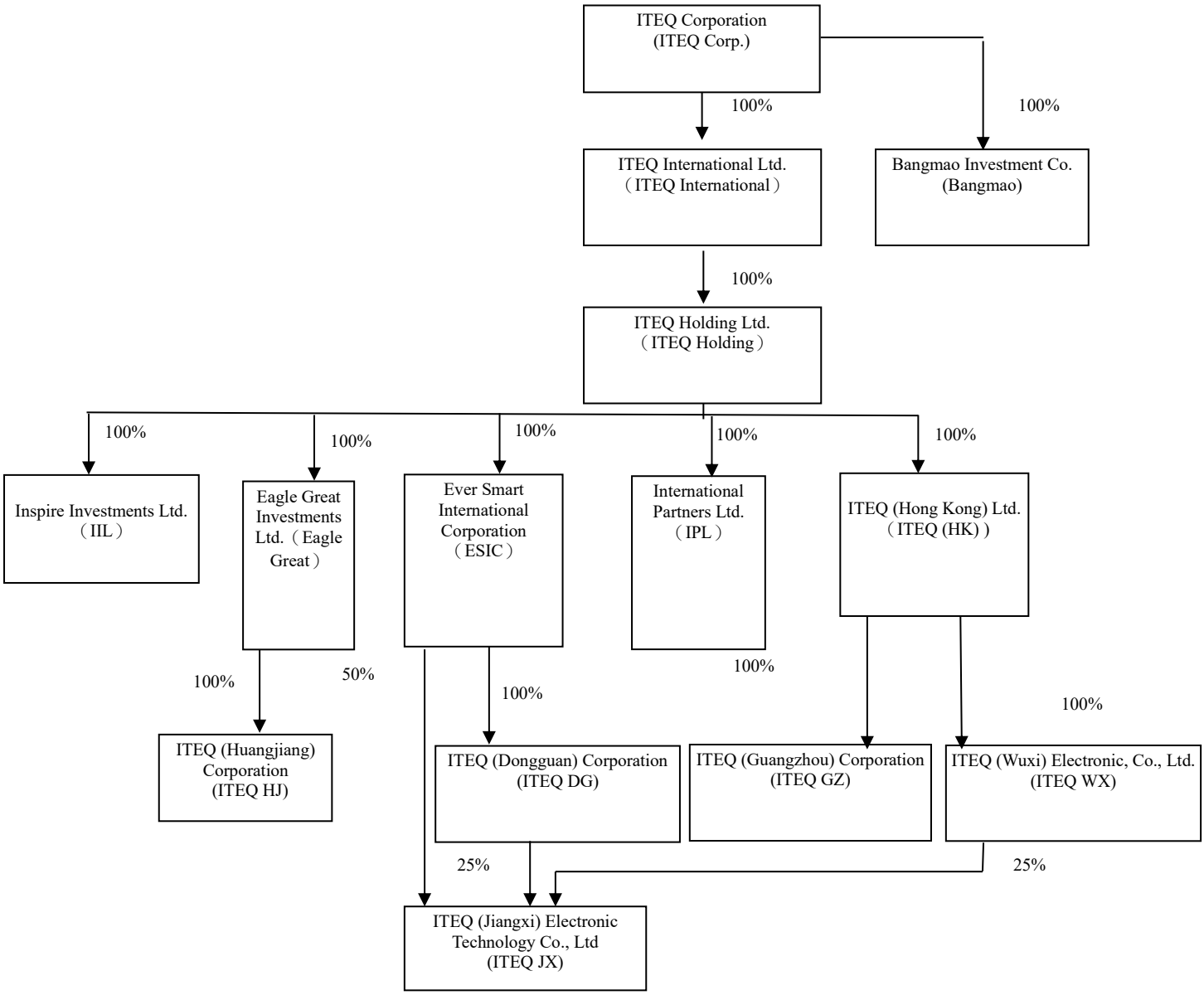
Please refer to the "Implementation of Risk Management Policies and Risk Measurement Standards (page 61) in the "Other Important Information That Facilitate Understanding of the Implementation of Corporate Governance".

Chapter VIII. Other Important Matters: None.

Chapter VIII. Special Disclosure

I. Relevant Information about Affiliates

(I) Structure of Affiliates



Date: December 31, 2022

(II) Industries covered by the overall businesses of affiliates

The industries covered by the overall businesses of affiliates mainly focus on “global professional OEM services for multi-layer laminate materials and multilayer boards”. Partial affiliates’ business scope is “investment services”. With the mutual supports offered through technologies, production capacity, marketing and services for creation of the maximum efficiency, the Company always continues to research and develop new products based on the ideas of “innovation, cooperation, excellence, and quality assurance", and encourages its employees to produce and utilize patents, so as to maintain its leading position in the market and industry.

(III) Basic information of affiliates

December 31, 2022; Unit: NT$ thousand, unless otherwise indicated

Name of Company	Major Business	Paid-in Capital	Date of Incorporation	Address	Major Products
Bangmao Investment Co., Ltd.	Investment business	70,000	1998.04.27	No. 17, Daluge Road, Neilili, Xinpu Town, Hsinchu County	-
ESIC	Investment business	399,230	2000.08.18	Sea Meadow House, (P.O. Box 116), Road Town, Tortola, British Virgin Islands	-
IPL	Import and export business	30,710	2002.07.10	Level 2, Lotemau Centre Building, Vaea Street, Apia, Samoa	-
IIL	Import and export business	30,710	2003.03.21	Level 2, Lotemau Centre Building, Vaea Street, Apia, Samoa	-
ITEQ International	Investment business	1,895,390	2004.03.16	Level 2, Lotemau Centre Building, Vaea Street, Apia, Samoa	-
ITEQ Holding	Investment business	1,895,390	2004.03.16	4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman, KY1-1002, Cayman Islands	-
Eagle Great	Mainland China reinvestment business	261,005	2005.09.01	Sea Meadow House, P.O. Box 116, Road Town, Tortola, British Virgin Islands	-
ITEQ(HK)	Mainland China reinvestment business	743,182	2008.06.20	Unit 2701, 27/F., C.C. Wu Building, 302-8 Hennessy Road, Wanchai, Hong Kong	-
Iteq (Wuxi) Electronic Technologies Co., Ltd.	Production and sale of films and CCLs	1,259,110	2002.03.21	No. 3, Chunhui Middle Road, Xishan Economic Development Zone, Dongting Town, Xishan District, Wuxi, Jiangsu Province	PP and CCLs
Iteq (Dongguan) Corporation	Production and sale of films and CCLs	646,549	2002.04.04	No.57, Dongfang Avenue, Nanfang Industrial Zone, Beizha Village, Humen Town, Dongguan, Guangdong Province	PP and CCLs
Iteq (Huangjiang) Corporation	Production and sale of films and CCLs	261,005	2005.09.01	Room 101, No. 13, Tianxin Binhe Road, Huangjiang Town, Dongguan City, Guangdong Province	Multi-layered PCBs
Iteq (Guang Zhou) Corporationn	Production and sale of films and CCLs	727,827	2006.02.15	No. 2, Huafeng Road, Yonghe Economic Zone, Guangzhou Economic and Technological Development Zone, Guangzhou	PP and CCLs
Iteq (Jiangxi) Electronic Technologies Co., Ltd.	Production and sale of films and CCLs	4,938,168	2018.05.17	Ganzhou Electronic Information Industry Technology City, Longnan Economic and Technological Development Zone, Longnan City, Jiangxi Province	PP and CCLs

(IV) Information about Common Shareholders of Treated-as Controlled Companies and Affiliates: None.

(V) Information about the Directors, Supervisors and General Managers of Affiliates

2022.12.31

Name of Company	Position	Name or Representative		Shareholding Ratio	
				Number of Shares (thousand shares)	Number of Shares (thousand shares)
Bangmao Investment Co., Ltd.	Chairman	Iteq Corporation	Chin-Tsai Chen	7,000	100%
ESIC	Chairman	Iteq Corporation	Chin-Tsai Chen	10,750	100%
IPL	Chairman	Iteq Corporation	Chin-Tsai Chen	1,000	100%
IIL	Chairman	Iteq Corporation	Chin-Tsai Chen	1,000	100%
ITEQ International	Chairman	Iteq Corporation	Chin-Tsai Chen	18,500	100%
ITEQ Holding	Chairman	Iteq Corporation	Chin-Tsai Chen	18,500	100%
Eagle Great	Chairman	Iteq Corporation	Chin-Tsai Chen	8,499	100%
ITEQ(HK)	Chairman	Iteq Corporation	Chin-Tsai Chen	24,200	100%
Iteq (Wuxi) Electronic Technologies Co., Ltd.	Chairman	Iteq Corporation	Chin-Tsai Chen	0	100%
	Director		Hsin-Hui Tsai		
	Director		Wei-Kuang Chu		
Iteq (Dongguan) Corporation	Chairman	Iteq Corporation	Chin-Tsai Chen	0	100%
	Director		Hsin-Hui Tsai		
	Director		Wei-Kuang Chu		
	Supervisor		I-Hsing Liu		
Iteq (Huangjiang) Corporation	Chairman	Iteq Corporation	Chin-Tsai Chen	0	100%
	Director		Hsin-Hui Tsai		
	Director		Wei-Kuang Chu		
	Supervisor		I-Hsing Liu		
Iteq (Guang Zhou) Corporationn	Chairman	Iteq Corporation	Chin-Tsai Chen	0	100%
	Director		Hsin-Hui Tsai		
	Director		Wei-Kuang Chu		
	Supervisor		I-Hsing Liu		
Iteq (Jiangxi) Electronic Technologies Co., Ltd. (Note 1)	Chairman	Iteq Corporation	Chin-Tsai Chen	0	100%
	Director		Hsin-Hui Tsai		
	Director		Wei-Kuang Chu		
	Supervisor		I-Hsing Liu		

Note 1. Its shares are held by the Group on a comprehensive basis, including 50% held by ESIC, 25% by ITEQ (Dongguan) Corporation, and 25% by ITEQ (Wuxi) Electronic Technologies Co., Ltd.

(VI) Operating Status of Affiliates

December 31,2022 / Unit: NT$ thousand

Name of Company	Capital	Total assets	Total Liabilities	Shareholders' Equity	Operating Revenue	Operating Income	continued operating	Earnings per share
Bangmao Investment Co., Ltd.	70,000	95,135	117	95,018	0	(201)	117	-
ESIC	330,133	7,632,413	107,183	7,525,230	0	(67)	554,381	-
IPL	30,710	1,414,492	1,343,969	70,523	1,634,140	30,682	33,893	-
IIL	30,710	782,911	710,359	72,552	1,071,796	(14,849)	(19,169)	-
ITEQ International	1,895,390	20,571,699	184,260	20,387,439	0	0	2,061,212	-
ITEQ Holding	1,895,390	20,571,693	184,260	20,387,433	0	(183)	2,061,212	-
Eagle Great	261,004	471,142	275	470,867	1,573	(6,840)	(64,685)	-
ITEQ (Hong Kong)	743,182	12,238,438	837,796	11,400,642	0	(24)	1,556,973	-
ITEQ (Wuxi) Electronic Technologies Co., Ltd.	1,259,110	12,408,467	3,073,928	9,334,538	12,993,629	1,430,863	1,253,425	-
ITEQ (Dongguan) Corporation	614,200	8,079,213	3,490,997	4,588,215	11,601,906	508,137	447,390	-
ITEQ (Huangjiang) Corporation	261,004	644,959	183,644	461,315	127,704	(69,111)	(57,727)	-
ITEQ (Guang Zhou) Corporationn	727,827	3,804,677	924,562	2,880,115	6,061,076	394,313	297,896	-
ITEQ (Jiangxi) Electronic Technologies Co., Ltd.	4,938,168	12,335,931	6,396,181	5,939,750	9,002,957	353,695	200,831	-

(VII) The statement of the Consolidated Financial Statements of the affiliates is as follows:

Statement

In 2022 (from January 1, 2022 to December 31, 2022), the companies required to be included in the consolidated financial statements of affiliates under the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are all the same as companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in the International Financial Reporting Standards (IFRS) 10, and relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. The Company hereby produces this declaration to the effect that no preparation for the separate consolidated financial statements of affiliates is required.

It is hereby stated.

Company name: ITEQ Corporation

Chairperson of the Board: Chin-Tsai Chen

March 7, 2023

(VIII) The Company is not subordinated to other company, thus it is not required to prepare subordination report.

II. Private Placement of Securities in the Most Recent Year as of the Publication Date of the Annual Report: None.

III. The Company's Shares Held or Disposed by Subsidiaries in the Most Recent Year as of the Publication Date of the Annual Report: None.

IV. Other Supplementary Description: None.

V. Any Events in the Most Recent Year as of the Publication Date of the Annual Report that Had Significant Impacts on Shareholders' Equity or Security Prices as Stated in Item 2 Paragraph 3 of Article 36 of the Securities and Exchange Act : None.

【Appendix I】Assessment Report on the Independence and Appropriateness of the CPAs Engaged by the Company

Evaluation of independence and suitability of CAP Chia-Chien Tang in 2023

Evaluation indicator	Specific indicator	Evaluation standard	Very good	Good	Moderate	Bad	Very bad	Explanation
CPA independence	CPA independence compliance	Whether there is no violation of independence or unresolved conflict of interest in accordance with the relevant laws and regulations	V					Audit quality index information provided by the firm
CPA adaptability	1. Financial statements audit quality	Are the financial statements certified in accordance with the relevant laws and regulations?	NA					According to the law, the firm will check and plan the audit
	2. Tax report quality	Is the audit made according to the relevant law?	NA					According to the law, the firm will check and plan the audit
	3. Attendance of the Board of Directors	Do all directors attend each Board meeting?	NA					Expected to attend each board meeting in 2023
	4. Attendance of the shareholders' meetings	Attend each shareholders' meeting?	NA					Planned to participate the 2024 shareholders' meeting
	5. Communicate and interact with the company's president, directors and financial/accounting supervisor	Whether to communicate with the Company's general manager, directors and financial/accounting supervisor. Whenever a new release is made or a significant accounting system is announced, a meeting will be held with the Company's president, directors and financial/accounting supervisor to discuss the matter.	NA					According to the planning, in 2023, Whenever a new release is made or a significant accounting system is announced, a meeting will be held with the Company's president, directors and financial/accounting supervisor to discuss the matter. Communicate with the Audit Committee on a quarterly basis about the upgrade of decrees
	6. Evaluate the various risks that exist or are potentially present in the company	Whether the company's various risks or potential risks have been assessed. Provide recommendations for improvement based on the results of each audit, tax audit and internal control audit	NA					Plan each audit, tax audit and internal control audit result, and give improvement suggestions if any problem is found
	7. Communication and interaction with company management	Whether a good communication channel with the company's management is maintained	V					We are now actively interacting with each other and will continue to maintain good communication with the company's management in the future
Comprehensive evaluation			On the basis of the above assessment, the CPA, Chia-Chien T'ang, is suitable for the appointment and it is proposed to appoint him as the lead CPA of the Company's financial statements in 2023.					

Prepared by: Jung-Tsan Chou

Evaluation of independence and suitability of CAP Ya-Lin Chen in 2023

Evaluation indicator	Specific indicator	Evaluation standard	Very good	Good	Moderate	Bad	Very bad	Explanation
CPA independence	CPA independence compliance	Whether there is no violation of independence or unresolved conflict of interest in accordance with the relevant laws and regulations	V					Audit quality index information provided by the firm
CPA adaptability	1. Financial statements audit quality	Are the financial statements certified in accordance with the relevant laws and regulations?	V					According to the law, the firm will check and plan the audit
	2. Tax report quality	Is the audit made according to the relevant law?	NA					The lead accountant shall take responsibility
	3. Attendance of the Board of Directors	Do all directors attend each Board meeting?	NA					The lead accountant shall take part in
	4. Attendance of the shareholders' meetings	Attend each shareholders' meeting?	NA					The lead accountant shall attend
	5. Communicate and interact with the company's president, directors and financial/accounting supervisor	Whether to communicate with the Company's general manager, directors and financial/accounting supervisor. Whenever a new release is made or a significant accounting system is announced, a meeting will be held with the Company's president, directors and financial/accounting supervisor to discuss the matter.	NA					According to the planning, in 2023, Whenever a new release is made or a significant accounting system is announced, a meeting will be held with the Company's lead CPA, president, directors and financial/accounting supervisor to discuss the matter.
	6. Evaluate the various risks that exist or are potentially present in the company	Whether the company's various risks or potential risks have been assessed. Provide recommendations for improvement based on the results of each audit, tax audit and internal control audit	NA					The lead CPA shall plan each audit, tax audit and internal control audit result, and give improvement suggestions if any problem is found
	7. Communication and interaction with company management	Whether a good communication channel with the company's management is maintained	NA					The lead CPA shall be responsible for communication
Comprehensive evaluation			On the basis of the above assessment, the CPA, Ya-Lin Chen, is suitable for the appointment and the CPA, Ya-Lin Chen, should be appointed as the deputy CPA for the Company's financial statements in 2023.					

Prepared by: Jung-Tsan Chou

Statement of Internal Control System

Date: March 7, 2023

The Company hereby states the results of the self-evaluation on its 2022 Statement of Internal Control System as follows:

I. The Company's Board of Directors and management are responsible for establishing, implementing, and maintaining an adequate internal control system. Its purpose is to reasonably ensure that operational effectiveness and efficiency (including income, performance, and asset safety) and reporting are reliable, timely, and transparent, as well as to ensure compliance with relevant regulations and laws.

II. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its 3 stated objectives above. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond control. Nevertheless, the internal control system contains self-monitoring mechanisms, and the Company takes immediate remedial actions in response to any identified deficiencies.

III. The Company evaluates the design and operating effectiveness of the internal control system based on the criteria provided in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (herein below The criteria adopted by the Regulations identify 5 components of internal control based on the process of management control: 1. control environment; 2. risk assessment; 3. control activities; 4. information and communication; and 5. monitoring operations. Each key component includes several items. Please refer to the Regulations for the aforementioned items.

IV. The Company has evaluated the design and operating effectiveness of the internal control system according to the Regulations.

V. Based on the results of the determination in the preceding paragraph, the Company is of the opinion that, as of December 31, 2022, the internal control system (including the supervision and management of subsidiaries), including the design and implementation of the internal control system relating to the effectiveness and efficiency of the operations, reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations, is effective and can reasonably assure the achievement of the foregoing goals.

VI. This statement is an integral part of the Company's annual report and prospectus and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

VII. It is hereby stated that this statement was approved by the Company's Board of Directors on March 7, 2023 and none of the 7 Directors in attendance objected to it and all consented to the contents expressed in this statement.

ITEQ CORPORATION

Chairperson of the Board: Chin-Tsai Chen Signature

General Manager: Hsin-Hui Tsai Signature

ITEQ CORPORATION

Audit Committee's Report

Now that the Board of Directors has compiled and submitted the 2022 financial statements (including consolidated and individual financial reports), profit distribution table, business report and proposals thereof, wherein the 2022 financial statements have been reviewed by Kuan-Hao Li and I-Chi Chien, CPAs of Deloitte & Touche, and concluded with an audit report without reservation. The said Financial Statements, Earnings Distribution Statement and Business Report have been examined and reviewed by us, i.e. the Audit Committee, and we found no incompliance. Therefore, we hereby submit this report in accordance with the Securities and Exchange Act and the Company Act.

Convener OF Audit Committee's Meeting: Po-Chiao Chou

March 7, 2023

【Appendix IV】The Financial Statements of the most recent year, together with CPAs' Audit Report

【Appendix V】The Individual Financial Statements of the Most Recent Year of the Company which Financial Statements Audited by CPAs

ITEQ CORPORATION

Responsible person: Chin-Tsai Chen 

[Appendix IV]

The Financial Statements of the most recent year, together with CPAs' Audit Report

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" for the year ended December 31, 2022 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard 10 "Consolidated Financial Statements." Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we have not prepared a separate set of consolidated financial statements of affiliates.

Very truly yours,

ITEQ CORPORATION

By

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March 7, 2023

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
ITEQ Corporation

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

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

Assessment of Inventory

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

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

1. We obtained an understanding the design and implementation of the internal control related to inventory, which included the evaluation of the impairment and obsolescence of inventory which were recognized and approved by management.

2. We selected samples from the year-end inventory record details and verified the purchase price of raw materials or sales price of inventories and we recalculated the net realizable value to confirm the correctness of its calculation. We took samples and compared the net realizable value of inventories with their carrying amount to assess the reasonableness of the inventory impairment provisions.

3. We obtained the slow-moving inventory and the aging report of inventory in detail, analyzed the differences between the current and prior years, and we recalculated the impairment of obsolete inventory to confirm the correctness of its calculation.

Other Matter

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 7, 2023

Notice to Readers

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

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

ITEQ CORPORATION AND SUBSIDIARIES

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

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

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

ITEQ CORPORATION AND SUBSIDIARIES

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

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

(Continued)

ITEQ CORPORATION AND SUBSIDIARIES

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

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

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

ITEQ CORPORATION AND SUBSIDIARIES

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

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

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

ITEQ CORPORATION AND SUBSIDIARIES

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

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

(Continued)

ITEQ CORPORATION AND SUBSIDIARIES

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

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

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

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 consolidated financial statements of the Company and its subsidiaries (collectively referred to as the "Group") are presented in the Company's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

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

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

New, Amended and Revised Standards and Interpretations	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 consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of other standards and interpretations on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the 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 consolidated 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.

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 consolidated financial statements are authorized for issue; and

3) Liabilities for which the Group 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. Basis of consolidation

1) Principles for preparing consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries, including special purpose entities). When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

2) Subsidiaries included in the consolidated financial statements

			% of Ownership December 31	
Investor	**Investee**	**Main Business**	**2022**	**2021**
ITEQ Corporation	ITEQ International Ltd.	Investment	100	100
	Bon Mou Investment Co.	Investment	100	100
ITEQ International Ltd.	ITEQ Holding Ltd.	Investment	100	100
ITEQ Holding Ltd.	ESIC	Investment in PRC	100	100
	IPL	Import and export business	100	100
	IIL	Import and export business	100	100
	Eagle Great	Investment in PRC	100	100
	ITEQ (HK)	Investment in PRC	100	100
ESIC	ITEQ (DG)	Produces and sells prepeg products and copper clad laminates	100	100
	ITEQ (JX) (Note)	Produces and sells prepeg products and copper clad laminates	100	100
ITEQ (HK)	ITEQ (WX)	Produces and sells prepeg products and copper clad laminates	100	100
	ITEQ (GZ)	Produces and sells prepeg products and copper clad laminates	100	100
Eagle Great	ITEQ (HJ)	Produces and sells the mass lamination process	100	100

Note: The Group holds a comprehensive shareholding, with 50% held by ESIC, 25% held by ITEQ (DG), and 25% held by ITEQ (WX).

The Company's Board of Directors resolved and approved the proposal to increase the capital of ITEQ (JX) by US$80,000 thousand during the meeting held on March 23, 2021, which has been fully received.

e. Foreign currencies

In preparing the financial statements of each individual group 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 consolidated financial statements, the assets and liabilities of the Group'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.

f. 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.

g. Investments accounted for using the equity method

Investments in joint ventures

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

The Group 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 Group's share of the profit or loss and other comprehensive income of the joint venture. The Group also recognizes the changes in the Group'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 Group 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 Group 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.

h. Property, plant and equipment

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

Depreciation is recognized using the straight-line method with their estimated useful lives. Each significant part is depreciated separately. If the lease term is shorter than its estimated useful life, an item of property, plant and equipment is depreciated over the lease term. The estimated useful lives, residual values and depreciation method are reviewed at least once at the end of each year, with the effect of any changes in estimate accounted for on a prospective basis.

Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

i. Goodwill

Goodwill arising from the acquisition of a business is measured at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. An impairment loss recognized on goodwill is not reversed in subsequent periods.

j. 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 Group 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.

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

At the end of each reporting period, the Group 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 Group 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 asset or cash-generating unit 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 or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

l. Financial instruments

Financial assets and financial liabilities are recognized when the Group 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

The conventional transaction for financial assets is recognized and derecognized on a trade date accounting basis.

a) Measurement category

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in debt instruments and equity instruments at FVTOCI.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such a financial asset is mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note 27.

ii. 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.

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Group 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 Group'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 Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable).

The Group always recognizes lifetime expected credit losses (ECLs) for accounts receivable. For all other financial instruments, the Group 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 Group 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 Group 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 Group 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 Group 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 Group 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 the financial liabilities are measured at amortized cost using the effective interest method, except for derivatives.

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 Group 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.

m. 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.

n. Revenue recognition

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

o. Leases

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

For a contract that contains a lease component and non-lease components, the Group allocates the consideration in the contract to each component on the basis of the relative stand-alone price and accounts for each component separately.

The Group as lessee

The Group 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, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. 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 consolidated 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. However, if leases transfer ownership of the underlying assets to the Group by the end of the lease terms or if the costs of right-of-use assets reflect that the Group will exercise a purchase option, the Group depreciates the right-of-use assets from the commencement dates to the end of the useful lives of the underlying assets.

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 Group 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 lessee's incremental borrowing rate will be used.

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 the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group 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 consolidated balance sheets.

p. Government grants

Government grants are not recognized until there is reasonable assurance that the Group 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 Group recognizes as expenses the related cost for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire 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.

q. Employee benefits

1) Short-term employee benefits

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

2) Post-employment benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered services 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.

r. 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 Group'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 Group 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.

s. 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 ROC, 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 consolidated 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 Group 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 Group 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 Group'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 Group uses judgment and estimates to determine the net realizable value of inventories at the end of the reporting period.

The Group assesses the amount of inventory lost due to normal wear and tear, obsolescence or no market sales value at the end 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	$ 312	$ 198
Cash in banks	2,585,791	3,202,036
Cash equivalents		
Bank acceptances	1,966,300	1,221,044
Time deposits	661,416	-
	$ 5,213,819	$ 4,423,278

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%-1.90%	0.00%-1.55%
Time deposits	1.90%	-

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 (included in other current assets).

7. FINANCIAL INSTRUMENTS AT FVTPL

	December 31	
	2022	2021
Financial assets at FVTPL - current		
Financial assets designated as at FVTPL		
Securities listed in ROC		
Emerging stock market	$ 3,273	$ 4,618
Financial assets at FVTPL - current		
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 Group 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 AND ACCOUNTS RECEIVABLE, NET

	December 31	
	2022	2021
Notes receivable		
At amortized cost	$ 1,798,856	$ 464,677
Accounts receivable		
At amortized cost		
Gross carrying amount	10,328,396	12,801,771
Less: Allowance for impairment loss	7,967	6,249
Accounts receivable, net	10,320,429	12,795,522
	$ 12,119,285	$ 13,260,199

The average credit period on sales of goods is 120 days. The Group also has administrative measures to strengthen sales, finance and legal collection procedures for overdue receivables. The Group evaluates the credit quality, determines the credit limit of potential customers according to an internal rating 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 Group's credit risk.

The Group 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 Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off 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 Group 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 Group's provision matrix.

December 31, 2022

	Not Past Due	Past Due Within 30 Days	Past Due 31 to 90 Days	Past Due Over 91 Days	Total
Expected credit loss rate	0.00%-0.04%	0.00%-3.23%	0.00%-9.21%	100.00%	
Gross carrying amount	$ 11,251,331	$ 859,447	$ 16,474	$ -	$ 12,127,252
Loss allowance (lifetime ECL)	(3,059)	(3,880)	(1,028)	-	(7,967)
Amortized cost	$ 11,248,272	$ 855,567	$ 15,446	$ -	$ 12,119,285

December 31, 2021

	Not Past Due	Past Due Within 30 Days	Past Due 31 to 90 Days	Past Due Over 91 Days	Total
Expected credit loss rate	0.00%	0.00%	0.00%-11.83%	100.00%	
Gross carrying amount	$ 12,843,445	$ 311,652	$ 107,128	$ 4,223	$ 13,266,448
Loss allowance (lifetime ECL)	-	-	(2,026)	(4,223)	(6,249)
Amortized cost	$ 12,843,445	$ 311,652	$ 105,102	$ -	$ 13,260,199

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

	2022	2021
Balance at January 1, 2022	$ 6,249	$ 10,341
Add: Net remeasurement of loss allowance	1,949	4,036
Less: Amounts written off	(250)	-
Foreign exchange gains and losses	19	(56)
Balance at December 31, 2022	$ 7,967	$ 6,249

For information of factored accounts receivable, refer to Note 27.

9. INVENTORIES, NET

	December 31	
	2022	2021
Finished goods	$ 603,093	$ 1,033,392
Work in process	173,480	230,821
Raw materials	1,921,644	3,820,602
Goods in transit	33,134	82,166
	$ 2,731,351	$ 5,166,981

As of December 31, 2022 and 2021, the cost of inventories recognized as cost of goods sold were $25,189,807 thousand and $26,545,139 thousand, respectively. Loss on reversal of write-downs inventories were $73,318 thousand and $90,727 thousand.

The Group encountered a fire accident at night on April 13, 2021. For related losses and insurance claims, please refer to Note 22 (2).

10. FINANCIAL ASSETS AT FVTOCI

	December 31	
	2022	2021
Non-current		
Domestic investments		
TMY Technology Inc.	$ 2,371	$ 5,304
Foreign investments		
TIEF FUND, L.P.	30,313	24,383
	$ 32,684	$ 29,687

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 Group's strategy of holding these investments for long-term purposes.

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The Group's associates are listed below:

	December 31			
	2022		2021	
Investee	Amount	Shareholding	Amount	Shareholding
Invest in a joint venture				
MGC-ITEQ Technology Co., Ltd.	$ 47,603	49%	$ -	-

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

	Buildings	Equipment	Transport Equipment	Facilities	Other Equipment	Leased Improvements	Total
Cost							
Balance at January 1, 2021	$ 2,052,404	$ 6,063,099	$ 45,528	$ 530,788	$ 1,223,611	$ 379,793	$ 10,295,223
Additions	419,269	915,102	139	116,757	212,222	62,306	1,725,795
Disposals	(2,062)	(570,798)	(6,169)	(30,191)	(344,696)	(206,685)	(1,160,601)
Reclassified	533,456	817,355	-	(171,297)	204,805	6,260	1,390,579
Effects of foreign currency exchange differences	(10,845)	(27,156)	(189)	(2,732)	(3,234)	-	(44,156)
Balance at December 31, 2021	$ 2,992,222	$ 7,197,602	$ 39,309	$ 443,325	$ 1,292,708	$ 241,674	$ 12,206,840

(Continued)

	Buildings	Equipment	Transport Equipment	Facilities	Other Equipment	Leased Improvements	Total
Accumulated depreciation and impairment							
Balance at January 1, 2021	$ (610,276)	$ (3,680,301)	$ (36,529)	$ (363,047)	$ (797,559)	$ (277,886)	$ (5,765,598)
Depreciation expense	(132,212)	(517,378)	(1,627)	(31,888)	(173,092)	(32,851)	(889,048)
Disposals	1,308	560,884	6,082	28,947	343,496	206,484	1,147,201
Disaster losses	-	(134,802)	-	-	(77,432)	(48,914)	(261,148)
Gain on reversal of impairment loss	8,815	(617)	1,000	6,495	3,014	-	18,707
Reclassified	-	-	-	24,595	-	-	24,595
Effects of foreign currency exchange differences	3,368	15,882	147	1,934	1,889	-	23,220
Balance at December 31, 2021	$ (728,997)	$ (3,756,332)	$ (30,927)	$ (332,964)	$ (699,684)	$ (153,167)	$ (5,702,071)
Net value	$ 2,263,225	$ 3,441,270	$ 8,382	$ 110,361	$ 593,024	$ 88,507	$ 6,504,769
Cost							
Balance at January 1, 2022	$ 2,992,222	$ 7,197,602	$ 39,309	$ 443,325	$ 1,292,708	$ 241,674	$ 12,206,840
Additions	10,068	71,795	3,527	4,652	21,503	49,856	161,401
Disposals	-	(42,314)	(3,055)	(30,174)	(28,165)	(414)	(104,122)
Reclassified	4,762	442,930	947	302	238,582	114,507	802,030
Effects of foreign currency exchange differences	46,757	103,737	464	6,732	14,775	-	172,465
Balance at December 31, 2022	$ 3,053,809	$ 7,773,750	$ 41,192	$ 424,837	$ 1,539,403	$ 405,623	$ 13,238,614
Accumulated depreciation and impairment							
Balance at January 1, 2022	$ (728,997)	$ (3,756,332)	$ (30,927)	$ (332,964)	$ (699,684)	$ (153,167)	$ (5,702,071)
Depreciation expense	(147,822)	(595,404)	(1,848)	(25,961)	(185,318)	(47,318)	(1,003,671)
Disposals	-	35,951	2,761	30,084	27,390	97	96,283
Recognition impairment loss	-	(381)	-	-	-	-	(381)
Effects of foreign currency exchange differences	(10,743)	(48,998)	(364)	(5,193)	(6,759)	-	(72,057)
Balance at December 31, 2021	$ (887,562)	$ (4,365,164)	$ (30,378)	$ (334,034)	$ (864,371)	$ (200,388)	$ (6,681,897)
Net value	$ 2,166,247	$ 3,408,586	$ 10,814	$ 90,803	$ 675,032	$ 205,235	$ 6,556,717

(Concluded)

As of December 31, 2022, the Group recognized the amount of $17,475 thousand of net reversal of impairment loss on property, plant, and equipment as other gains and losses. Following an increase in expected future cash flow of the Company - ITEQ, the amount of $17,856 thousand was reversed since it was no longer considered impaired. Following a decrease in market demand, the amount of $381 thousand of impairment loss on the subsidiary - ITEQ (WX) was recognized since some of its machinery became idle which caused its recoverable amount to fall below its carrying amount.

As of December 31, 2021, the Group recognized the amount of $18,707 thousand of net reversal of impairment loss on property, plant, and equipment as other gains and losses. Following an increase in expected future cash flow of subsidiary - ITEQ (DG), the amount of $21,345 thousand was reversed since it was no longer considered impaired. Following a decrease in market demand, the amount of $2,638 thousand of impairment loss on subsidiary - ITEQ (WX) was recognized since some of its machinery became idle which caused its recoverable amount to fall below the carrying amount.

The Group encountered a fire accident on the night of April 13, 2021. For related losses and insurance claims, please refer to Note 22 (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	$ 259,949	$ 271,599
Land use rights	38,425	39,274
	$ 298,374	$ 310,873

	For the Year Ended December 31	
	2022	**2021**
Additions to right-of-use assets	$ 51,339	$ -
Depreciation charge for right-of-use assets		
Buildings	$ 64,032	$ 57,513
Land use rights	1,470	1,441
	$ 65,502	$ 58,954

b. Lease liabilities

	December 31	
	2022	**2021**
Carrying amount		
Current	$ 55,120	$ 49,366
Non-current	$ 213,861	$ 227,546

Range of discount rates for lease liabilities was as follows:

	December 31	
	2022	2021
Buildings	1.60%-4.90%	1.60%-4.90%

c. Material lease-in activities and terms

The Group leased certain land, plants and office spaces with a lease term from August 2012 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 Group does not have bargain purchase options to acquire the leasehold land, plants and office spaces at the end of the lease term.

ITEQ (DG) acquired the land use rights of 17,919.5 square meters in Dongguan in 2002 and the rights are amortized over 30 years under the permitted operating period.

ITEQ (WX) acquired the land use rights of 76,002 square meters and 15,432 square meters in Wuxi for 50 years in 2004 and 2005, respectively, and the rights are amortized 50 years under the permitted operating period.

ITEQ (GZ) acquired the land use rights of 18,508 square meters in Guangzhou for 50 years in 2009 and the rights are amortized over 50 years under the permitted operating period.

ITEQ (JX) acquired the land use rights of 163,680 square meters in Jiangxi in 2018 and the rights are amortized 50 years under the permitted operating period.

The Group leases land for the use of product manufacturing in China with a lease term from 30 to 50 years. The lease payment is paid at the time of contract. The Group does not have bargain purchase options to acquire the leasehold land at the end of the lease terms.

d. Other lease information

	For the Year Ended December 31	
	2022	2021
Expenses relating to short-term leases and low-value asset leases	$ 53,334	$ 50,465
Total cash outflow for leases	$ (120,945)	$ (113,025)

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

14. INTANGIBLE ASSETS

	December 31	
	2022	2021
Goodwill	$ 9,141	$ 8,360

Goodwill refers to the excess of the purchase price over the fair market value of the proportionate share in the net identifiable assets of ESIC.

15. OTHER ASSETS

	December 31	
	2022	2021
Current		
Offset against value-added tax payable	$ 924,605	$ 1,136,123
Pre-payment to suppliers	43,177	16,507
Prepaid expense and others	131,624	109,368
	$ 1,099,406	$ 1,261,998
Non-current		
Prepayments for equipment	$ 4,247,085	$ 4,262,049
Long-term prepayments	178,388	212,651
Refundable deposits (Note 27)	146,344	135,405
Materials and supplies	84,488	82,570
Net defined benefit assets (Note 18)	28,459	22,082
	$ 4,684,764	$ 4,714,757

16. BORROWINGS

a. Short-term borrowings

The weighted average effective interest rates on bank loans were 0.63%-5.54% and 0.60%-3.22% 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	$ 1,693,857	$ -
Less: Current portion	17,086	-
Long term loan	$ 1,676,771	$ -
Interest rate	1.36%-3.01%	-
Contract start/end	2022/7/13-2027/7/1	-

On June 16, 2022, the Group entered into a five-year credit facility, for RMB62,000 thousand with the Shanghai Commercial & Savings Bank. Starting from the 13th month, the loan will be repaid through 16 equal installments, with each installment being due every 3 months. The final installment must be paid no later than July 1, 2116. As of December 31, 2022, RMB62,000 thousand of the credit facility was utilized.

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

On October 24, 2022, the Group entered into a three-year credit facility, for RMB135,000 thousand with Taishin Bank. The first installment shall commence 24 months after the first withdrawal date, and thereafter every three months shall constitute one installment. The principal amount shall be repaid at a rate of 10% per installment for the first four installments, and the remaining principal amount shall be repaid in the fifth installment (September 30, 2025). As of December 31, 2022, RMB50,000 thousand of the credit facility was utilized.

17. OTHER PAYABLES

	December 31	
	2022	2021
Salary payables and compensation of employees	$ 612,344	$ 557,971
Construction and equipment payables	722,065	3,216,681
Others	301,565	484,539
	$ 1,635,974	$ 4,259,191

18. PROVISIONS - CURRENT

	December 31	
	2022	2021
Returns and allowances	$ 14,539	$ 17,023

Changes in returns and allowances provisions were as follows:

	For the Year Ended December 31	
	2022	2021
Balance at January 1	$ 17,023	$ 31,619
Reversal	(2,766)	(14,425)
Effect on foreign currency exchange differences	282	(171)
Balance at December 31	$ 14,539	$ 17,023

The provision for customer returns and rebates was based on historical experience, management's judgments and other known reasons for occurrence of product returns and rebates in the year. The provision was recognized as a reduction of operating income in the periods the related goods were sold.

19. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Group 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 Group recognized pension costs of $13,703 thousand and $14,020 thousand, respectively.

b. Defined benefit plans

The defined benefit plan adopted by the Group 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 Group 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 County Government the contribution of pension 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 Group has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Group'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)
Actuarial loss - changes in demographic assumptions	67	-	67
Actuarial loss - 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)

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 Group 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. The average duration of the defined benefit obligation was 3 years and 10 years.

20. 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 20(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 500,000 thousand, and the subscription base date was set by the board of directors on September 2, 2021. The total collected capital was $6,494,343 thousand after deducting the administration fee. The capital was all collected, and the alternation was registered

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 stock 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

Note: 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 passed a resolution in the shareholders' meeting, 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, 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 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 the actual appropriations, refer to Note 21-5 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 dividend has 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 and directors 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 gain/(loss) - equity instruments	4,097	(7,255)
Tax effects	(1,406)	510
Other comprehensive income recognized for the year	2,691	(6,745)
Balance at December 31	$ (6,483)	$ (9,174)

d. Treasury stock

Unit: Thousand Shares

Purpose of Buy-back	Number of Shares at January 1, 2022	Increase this Year	Decrease this Year	Number of Shares at December 31, 2022
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.

21. REVENUE

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

	For the Year Ended December 31	
	2022	2021
Copper clad laminate	$ 20,998,145	$ 22,681,257
Prepreg	8,001,647	9,282,013
Others	129,918	561,418
	$ 29,129,710	$ 32,524,688

The balance of the contract liabilities of the Group from the sale of goods on December 31, 2022 and 2021 was $15,248 thousand and $13,797 thousand (recorded as other current liabilities), 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.

22. NET INCOME

a. Other income

	For the Year Ended December 31	
	2022	2021
Government grant	$ 145,662	37,587
Other income	15,138	29,462
	$ 160,800	$ 67,049

b. Other gains and losses

	For the Year Ended December 31	
	2022	2021
Net foreign exchange (loss) gain	$ (105,920)	$ 66,414
Financial assets at FVTPL	(6,495)	(1,078)
Loss from disposal of property, plant and equipment and prepayments for equipment	(4,884)	(11,551)
Reversal of loss on impairment of property, plant and equipment and prepayments for equipment	17,475	18,707
Insurance claim income (disaster losses)	450,000	(64,195)
Other loss	(6,450)	(9,403)
	$ 343,726	$ (1,106)

A fire accident broke out at the Company's Xinpu Plant on the night of April 13, 2021, causing damages to certain factory facilities, equipment and inventory. However, the Company was fully insured against fire accidents. For the period from January 1 to December 30, 2021, the estimated damages totaled $64,195 thousand, (comprising of $146,205 thousand for inventory, $261,148 for property, plant and equipment and $56,842 thousand for other losses) after deducting of the insurance payout. In September 2021, $400,000 thousand was received as the first installment of the insurance payout.

In June 2022, the Company received the second insurance payout of $250,000 thousand. According to the insurance notary's explanation about the fire insurance claims, $200,000 thousand should be recognized as insurance payment receivable within the coverage of the policy. For the year ended December 31, 2022, $450,000 thousand was recognized as insurance payment received. The Company continues to negotiate with the insurance company for claim settlement.

c. Depreciation and amortization

	For the Year Ended December 31	
	2022	2021
Property, plant and equipment	$ 1,003,671	$ 889,048
Right-of-use assets	65,502	58,954
Prepayments	92,004	73,155
	$ 1,161,177	$ 1,021,157

(Continued)

	For the Year Ended December 31	
	2022	2021
An analysis of depreciation by function		
Operating costs	$ 916,566	$ 833,974
Operating expenses	152,607	114,028
	$ 1,069,173	$ 948,002
An analysis of amortization by function		
Operating costs	$ 69,648	$ 63,274
Selling and marketing expenses	56	8
General and administrative expenses	21,701	9,185
Research and development expenses	599	688
	$ 92,004	$ 73,155

(Concluded)

d. Finance costs

	For the Year Ended December 31	
	2022	2021
Interest on bank loans	$ 99,703	$ 73,205
Interest on lease liabilities	7,173	7,922
	$ 106,876	$ 81,127

e. Employee benefits expense

	For the Year Ended December 31	
	2022	2021
Short-term benefits	$ 2,243,481	$ 2,838,481
Post-employment benefits (Note 19)		
Defined contribution plans	13,703	14,020
Defined benefit plans	(155)	(71)
	13,548	13,949
Share-based payment	16,404	14,087
Total employee benefits expense	$ 2,273,433	$ 2,866,517

	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	$ 1,096,187	$ 634,009	$ 1,730,196	$ 1,216,519	$ 757,963	$ 1,974,482
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
Others	307,919	186,501	494,420	326,879	515,624	842,503
	$ 1,428,221	$ 845,212	$ 2,273,433	$ 1,567,955	$ 1,298,562	$ 2,866,517

As of December 31, 2022 and 2021, the Group's number of employees were 3,385 and 3,635.

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
Compensation of employees - ratio	4.0%	6.5%
Remuneration of directors - ratio	1.0%	1.5%
Compensation of employees - 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 consolidated 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 approved in the shareholders' meetings and the amounts recognized in the consolidated 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.

f. Gains (losses) on foreign currency exchange

	For the Year Ended December 31	
	2022	2021
Foreign exchange gains	$ 465,280	$ 254,242
Foreign exchange losses	(571,200)	(187,828)
Net (loss) gain	$ (105,920)	$ 66,414

23. 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	$ 440,315	$ 781,447
Prior year adjustments	6,020	(65,974)
	446,335	715,473
Deferred tax		
Current year	13,617	(53,224)
Effects of changes in tax rate	-	7,651
	13,617	(45,573)
Income tax expense recognized in profit or loss	$ 459,952	$ 669,900

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	$ 2,315,125	$ 3,814,703
Income tax expense calculated at the statutory rate	$ 435,444	$ 702,791
Nondeductible expenses in determining taxable income	22,225	15,488
Tax-exempt income	(255)	(3,928)
Unrecognized loss carryforwards and deductible temporary differences	(3,482)	13,872
Effects of changes in tax rate	-	7,651
Adjustments for prior year's tax	6,020	(65,974)
Income tax expense recognized in profit or loss	$ 459,952	$ 669,900

The applicable tax rate used by subsidiaries in China is 25%. In addition, ITEQ (WX) and ITEQ (DG) were recognized as entities in the high and new technology industry in the People's Republic of China and were listed in the high-tech enterprises. ITEQ (JX) was eligible for tax incentives under the Western Development Strategy. Therefore, their income tax rate is 15% during the tax incentive period; the tax amount generated in other jurisdictions is calculated based on the applicable tax rate in each relevant jurisdiction.

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
Unrealized gain/(loss) of financial assets at FVTOCI	(1,406)	510
Total income tax recognized in other comprehensive income	$ (58,944)	$ 16,135

c. Current tax asset and liability

	December 31	
	2022	**2021**
Current tax assets		
Tax refund receivables	$ 32,381	$ 32,456
Current tax liability		
Income tax payable	$ 550,684	$ 640,862

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				
Unrealized sales allowance	$ 1,874	$ (399)	$ -	$ 1,475
Write-down of inventories	62,280	12,232	-	74,512
Bad debt expense	9,159	851	-	10,010
Exchange differences on translation of the financial statements of foreign operations	126,251	-	(57,538)	68,713
Unrealized exchange gains and losses	6,435	(6,309)	-	126
Unrealized gain of patent disposal	2,120	(2,120)	-	-
Others	85,352	46,603	(1,406)	130,549
	$ 293,471	$ 50,858	$ (58,944)	$ 285,385
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				
Impairment loss	$ 5,379	$ (5,379)	$ -	$ -
Unrealized sales allowance	3,159	(1,285)	-	1,874
Write-down of inventories	41,186	21,094	-	62,280
Bad debt expense	11,499	(2,340)	-	9,159
Exchange differences on translation of the financial statements of foreign operations	110,626	-	15,625	126,251
Unrealized exchange gains and losses	2,755	3,680	-	6,435
Unrealized gain of patent disposal	8,478	(6,358)	-	2,120
Others	10,298	74,544	510	85,352
	$ 193,380	$ 83,956	$ 16,135	$ 293,471
Deferred tax liabilities				
Investments accounted for using equity method	$ 358,118	$ 38,383	$ -	$ 396,501

e. Income tax assessments

Income tax returns of the Company and Bou Mou Investment Co. through 2020 had been examined and assessed by the tax authorities.

24. 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:		
Compensation of employees 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

The company may settle the compensation to employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation will be settled in shares and the resulting potential shares are 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.

25. 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. For the one years ended December 31, 2022 and 2021, the cost for stock options recognized were $16,404 thousand and $7,329 thousand, respectively, and the same amount of capital reserve - employee stock options was recognized.

Information on employee share options is as follows:

	2022		2021	
	Number of Options (In Thousands of Units)	Weighted Average Exercise Price (NT$)	Number of Options (In Thousands of Units)	Weighted Average Exercise Price (NT$)
Balance at January 1	1,000	$ 95.9	-	$ -
Options granted	-	-	1,000	95.9
Options exercising	-	-	-	-
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 with 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	$ 137.0
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 held a meeting and approved the issuance of ordinary shares for cash on May 4, 2021 and December 20, 2019, and reserved 10% of the new share for the subscription of employees in accordance with the Company Act. The share options were measured at fair value on the date they were granted. In 2022 and 2021, the Company's cost of employees' share options was $6,758 thousand, which was recognized under capital surplus - employee share options. After receiving full payment, it was transferred to capital surplus - shares issued at a premium. Among them, 374 thousand shares and 508 thousand shares were not exercised, which amounted to $1,234 thousand and $9,144 thousand and was transferred to the Capital surplus-expired employee share option from the Capital surplus-employee share 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

26. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group 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 Group consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Group (comprising issued capital, capital surplus, retained earnings and other equity).

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

Key management personnel of the Group 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 Group may adjust the amount of dividends paid to shareholders and the number of new shares issued and repurchased.

27. 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 FVTPL				
Securities listed in ROC				
Equity securities	$ -	$ -	$ 3,273	$ 3,273
Financial assets at FVTOCI				
Equity securities	$ -	$ -	$ 32,684	$ 32,684
Financial assets at FVTPL				
Derivatives	$ -	$ 7,681	$ -	$ 7,681

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Securities listed in ROC				
Equity securities	$ -	$ -	$ 4,618	$ 4,618
Financial assets at FVTOCI				
Equity securities	$ -	$ -	$ 29,687	$ 29,687

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 FVTPL	Financial Assets at FVTOCI
Balance at January 1, 2022	$ 4,618	$ 29,687
Recognized in profit or loss	(1,345)	-
Recognized in other comprehensive income	-	4,097
Return of investments	-	(1,100)
Balance at December 31, 2022	$ 3,273	$ 32,684
Balance at January 1, 2021	$ 5,696	$ 37,655
Recognized in profit or loss	(1,078)	-
Recognized in other comprehensive income	-	(7,255)
Return of investments	-	(713)
Balance at December 31, 2021	$ 4,618	$ 29,687

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

Categories of Financial Instruments	Valuation Techniques and Input Values
Derivatives-forward exchange contracts	Discounted cashflow method: Future cashflows are estimated according to observable exchange rates of forwards and contracts at the end of the period and then discounted with the discounted rates indicative of the credit risks of the counterparties.

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

The financial statements of the Group include non-publicly quoted equity investments measured at fair value. The determination of fair value is based on the income approach, comparative company method, the counter price adjustment method, and the latest available net value information 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	1.13-3.07	20%-25%
December 31, 2021	1.59-5.38	20%-25%

b. Categories of financial instruments

	December 31	
	2022	2021
Financial assets		
Financial assets at FVTPL	$ 3,273	$ 4,618
Financial assets at amortized cost (1)	17,738,652	18,020,938
Financial assets at FVTOCI	32,684	29,687
Financial liabilities		
	7,681	-
Amortized cost (2)	11,909,725	13,545,287

1) The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, net accounts receivable and notes receivable, portion of other receivables 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, net accounts payable and notes payable, other payables, current portion of long-term borrowings, long-term borrowings, and guarantee deposits received.

c. Financial risk management objective and policies

The Group monitors and manages the financial risks relating to the operations of the Group 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 Group'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 Group 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 Group had foreign currency sales and purchases, which exposed the Group to foreign currency risk. For the years ended December 31, 2022 and 2021 approximately 8% and 11% of the Group's sales and almost 25% and 35% of costs, respectively were denominated in currencies other than the functional currency of the Group. Exchange rate exposures were managed within approved policy parameters utilizing forward foreign exchange contracts.

The carrying amounts of the Group'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 30.

Sensitivity analysis

The Group 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	$ 1,055	$ (20,171)

b) Interest rate risk

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

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

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

The carrying amounts of the Group'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 asset	$ 661,516	$ -
Financial liabilities	2,615,492	1,597,139
Cash flow interest rate risk		
Financial assets	2,585,070	3,201,265
Financial liabilities	1,693,858	534,005

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 Group's pre-tax profit for the years ended December 31, 2022 and 2021 would have increased by $2,228 thousand and $6,668 thousand, respectively.

c) Other price risk

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

Sensitivity analysis

The Group reports the reasonable risk assessment of price changes to key management personnel assuming a hypothetical increase or decrease of 10% in equity prices. For the years ended December 31, 2022 and 2021, if equity prices increase by 10%, income before tax would be $327 thousand and $462 thousand higher due to increased fair value of financial assets at fair value through profit and loss. In contrast, other comprehensive income before tax would increase by $3,268 thousand and $2,969 thousand due to the increase in fair value of financial assets measured at fair value through other comprehensive income, respectively.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure of counterparties to discharge an obligation and financial guarantees provided by the Group 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 Group 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 Group proceeded to factoring and insure accounts receivable if necessary. In addition, the Group 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 Group'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 Group's concentration of credit risk of 50% and 55% of total accounts receivable as of December 31, 2022 and 2021, respectively, were related to the Group'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 Group's short, medium and long-term funding and liquidity management requirements. The Group 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 Group'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 table below shows an analysis on the maturities of the Group's outstanding financial liabilities with agreed repayment periods, based on the dates when the earliest repayments may be required. The financial liabilities are listed without discounting (including interests and principals). The earliest periods for bank loans that the Group may be required to repay immediately do not factor into the probabilities of banks exercising the rights. The analysis on the maturities of other non-derivative financial liabilities is based on the agreed repayment dates. The liquidity analysis on derivative financial instruments is based on net and undiscounted cash inflows and outflows for the derivatives with net settlements and on total and undiscounted cash inflows and outflows for the derivatives with full-amount settlements. The disclosure on payables or receivables not at fixed amounts is based on the interest rates bootstrapped from the yield curves on the balance sheets.

December 31, 2022

	180 Days	181-270 Days	271-360 Days	361+ Days	Total
Non-derivative financial liabilities					
Short-term borrowings	$ 2,496,377	$ -	$ -	$ -	$ 2,496,377
Notes payable and accounts payable	5,926,422	-	-	-	5,926,422
Other payables	1,635,974	-	-	-	1,635,974
Lease liabilities	29,645	14,003	14,003	224,686	282,337
Long-term borrowings, net of current portion	16,653	8,327	23,669	1,710,390	1,759,039
	$ 10,105,071	$ 22,330	$ 37,672	$ 1,935,076	$ 12,100,149

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

	Less than One Year	1-5 Years	5-10 Years
Lease liabilities	$ 57,651	$ 194,636	$ 30,050

December 31, 2021

	180 Days	181-270 Days	271-360 Days	361+ Days	Total
Non-derivative financial liabilities					
Short-term borrowings	$ 2,140,928	$ -	$ -	$ -	$ 2,140,928
Notes payable and accounts payable	7,121,256	-	-	-	7,121,256
Other payables	4,259,191	-	-	-	4,259,191
Lease liabilities	31,314	12,512	11,855	241,339	297,020
	$ 13,552,689	$ 12,512	$ 11,855	$ 241,339	$ 13,818,395

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

	Less than One Year	1-5 Years	5-10 Years
Lease liabilities	$ 55,681	$ 182,394	$ 58,945

b) Financing facilities

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

	December 31	
	2022	2021
Unsecured bank borrowings facility		
Amount used	$ 5,215,332	$ 3,232,969
Amount unused	10,031,469	10,810,628
	$ 15,246,801	$ 14,043,597

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
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

Note: No advances received at year end.

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

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

The Group transferred the receivables from bank acceptances for endorsement to the Postal Savings Bank of China, Industrial and Commercial Bank of China, China Minsheng Bank, Bank of Ningbo, Bank of Jiangsu, Bank of China and China CITIC Bank International for discounting. Under the agreement of the discount contracts, the bank acceptances transferred are those with higher credit ratings, and the credit risk and deferred payment risk thereof are relatively small. Almost all the risks and rewards attached to these acceptances have been transferred with the bank acceptances for endorsement. Therefore, the Group has derecognized the receivables from the transferred bank acceptances. However, if the said bank acceptances fail to be cashed when they are due, the said banks still have the right to demand the Group for payment; therefore, the Group continues to participate in the said acceptances.

The maximum exposure to loss from the Group's continuing involvement in the derecognized bills receivable is equal to the face amounts of the transferred but unsettled bills receivable, and as of December 31, 2022 and 2021, the face amounts of these unsettled bills receivable were $1,117,380 thousand and $4,578,090 thousand, respectively. The unsettled bills receivable will be due within 1 to 6 months, respectively after December 31, 2022 and 2021. Taking into consideration the credit risk of these derecognized bills receivable, the Group estimates that the fair values of its continuing involvement are not significant.

During the years ended December 31, 2022 and 2021, the Group recognized the financial costs of $21,436 thousand and $40,372 thousand, respectively, when transferring the bank acceptances receivable. No gains or losses were recognized from the continuing involvement, both during the current year or cumulatively.

28. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

a. Related party name and category

Related Party Name	Related Party Category
WIN Semiconductors Corp.	Same chairman
MGC-ITEQ Technology Co., Ltd.	Investment in a joint venture

b. Lease arrangements - Group is lessee

The Group entered into an operating lease agreement for lease of land and plant with Win Corporation. The lease period is from January 1, 2013 through December 31, 2028 and the rental is payable monthly.

	December 31	
Line Item	2022	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

	For the Year Ended December 31	
Line Item	2022	2021
Finance costs	$ 2,964	$ 3,325
Depreciation expense	$ 28,922	$ 28,375
Interest income	$ 1,121	$ 1,109

c. 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 arrangements. 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.

d. Compensation of key management personnel

	For the Year Ended December 31	
	2022	2021
Short-term employee benefits	$ 85,421	$ 81,109
Post-employment benefits	696	595
	$ 86,117	$ 81,704

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

29. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

Significant commitments and contingencies of the Group as of December 31, 2022 were as follows:

a. Unused letters of credit amounted to $449,592 thousand.

b. Total contracted construction equipment fees not yet paid were $4,578,527 thousand.

30. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the Group 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	$ 75,758	$ 117,968
Exchange rate	30.71	27.68
Carrying amount	2,326,528	3,265,354
Foreign currency liabilities		
Monetary item		
USD	73,649	158,310
Exchange rate	30.71	27.68
Carrying amount	2,261,761	4,382,021

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

	For the Year Ended December 31			
	2022		2021	
	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)
USD	6.72 (USD:RMB)	$ (225,472)	6.45 (USD:RMB)	$ 81,289
USD	29.79 (USD:NTD)	115,421	28.01 (USD:NTD)	(33,929)

31. OTHER MATTERS

As of December 31, 2021, the Group 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.

32. 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) Information on investees. (Table 6)

10) Trading in derivative instruments. (Note 7)

11) Intercompany relationships and significant intercompany transactions. (Table 8)

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: Tables 4 and 8.

b) The amount and percentage of sales: Tables 4, 5 and 8.

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 9.

33. SEGMENT INFORMATION

Information reported to the chief operating decision maker for resource allocation and segment performance assessment focuses on types of goods or services delivered or provided. Specifically, the Group's reportable segments reporting department (products included prepeg products (PP) and copper clad laminates (CCL)) were as follows:

The Company excluded revenue and profit from triangular trade.

ITEQ (WUXI) included revenue and profit from ITEQ (WUXI) and IIL.

ITEQ (DG) included revenue and profit from ITEQ (DG) and IPL.

ITEQ (JX), included revenue and profit.

Others included revenue and profit from ITEQ (HJ), ITEQ (GZ), Bon Mou Investment Co., ITEQ International, ITEQ Holding, ITEQ (HK), ESIC and Eagle Great.

a. Segment revenue and results

The following was an analysis of the Group's revenue and results by reporting department.

	Segment Revenue		Segment Profit	
	For the Year Ended December 31		For the Year Ended December 31	
	2022	2021	2022	2021
The Company	$ 1,946,161	$ 3,680,011	$ (718,512)	$ (711,054)
ITEQ WUXI	14,153,645	16,458,526	1,420,655	1,866,513
ITEQ (DG)	13,312,564	14,357,466	543,478	1,052,748
ITEQ (JX)	9,024,671	8,399,368	364,436	896,507
Others	6,240,720	7,386,250	306,071	765,489
	$ 44,677,761	$ 50,281,621	1,916,128	3,870,203
Headquarter management cost			(19,709)	(50,707)
Non-operating income and expense			418,706	(4,793)
Income before income tax			$ 2,315,125	$ 3,814,703

Intersegment transactions were not eliminated from segment revenue reported above. For the year ended December 31, 2022, the intersegment revenue from ITEQ (WX), ITEQ (DG), ITEQ (JX) and others amounted to $1,956,229 thousand, $4,363,882 thousand, $6,959,139 thousand and $2,268,801 thousand, respectively; for the year ended December 31, 2021, the intersegment revenue from ITEQ (WX), ITEQ (DG), ITEQ (JX) and others amounted to $2,041,934 thousand, $4,382,671 thousand, $7,855,750 thousand and $3,476,578 thousand, respectively.

Segment profit represents the profit earned by each segment without allocation of central administration costs and non-operating income and gains, non-operating expense and losses and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

b. Segment total assets and liabilities

	December 31	
	2022	**2021**
Segment assets		
The Company	$ 3,897,974	$ 5,007,963
ITEQ (WX)	9,779,369	12,745,709
ITEQ (DG)	8,002,938	10,357,310
ITEQ (JX)	12,309,844	14,879,076
Others	5,803,432	6,786,624
	39,793,557	49,776,682
Others	86,211,473	75,800,484
Eliminations	(92,621,421)	(89,339,880)
	$ 33,383,609	$ 36,237,286
Segment liabilities		
The Company	$ 1,400,154	$ 1,853,396
ITEQ (WX)	3,670,526	5,654,957
ITEQ (DG)	3,692,764	4,638,633
ITEQ (JX)	6,304,677	8,961,662
Others	2,296,399	4,602,941
	17,364,520	25,711,589
Others	4,850,307	2,955,501
Eliminations	(8,942,204)	(13,744,542)
	$ 13,272,623	$ 14,922,548

For the purpose of monitoring segment performance and allocating resources between segments:

All assets were allocated to reporting department other than interests in associates accounted for financial assets at FVTPL, investments accounted for using the equity method, financial assets at FVTOCI, current tax assets and deferred tax assets. Goodwill was allocated to reporting department. Assets used jointly by reporting department were allocated on the basis of the revenue earned by individual reporting department.

All liabilities were allocated to reportable segments other than financial liabilities at FVTPL, borrowings, current tax liabilities, current and deferred tax liabilities. Liabilities for which reportable segments are jointly liable were allocated in proportion to segment assets.

c. Other segment information

	Depreciation and Amortization		Additions to Non-current Assets	
	For the Year Ended December 31		For the Year Ended December 31	
	2022	2021	2022	2021
The Company	$ 207,105	$ 182,258	$ 516,578	$ 992,946
ITEQ (WX)	164,510	155,495	51,258	94,095
ITEQ (DG)	68,249	61,835	28,433	48,102
ITEQ (JX)	645,055	552,711	(253,773)	4,727,361
Others	76,258	68,858	99,748	27,109
	1,161,177	1,021,157	$ 442,244	$ 5,889,613
	$ 1,161,177	$ 1,021,157		

d. Geographical information

The Group operates in two principal geographical areas - Taiwan and Asia.

The Group's revenue from external customers by location of operations and information about its non-current assets by location of assets are detailed below:

	Revenue from External Customers			
	For the Year Ended December 31		Non-current Assets December 31	
	2022	2021	2022	2021
Taiwan	$ 1,946,161	$ 3,680,011	$ 2,050,970	$ 1,636,436
Asia	27,183,549	28,844,677	9,545,629	9,902,322
	$ 29,129,710	$ 32,524,688	$ 11,596,599	$ 11,538,758

Non-current assets excluded financial assets at FVTOCI - non-current and deferred tax assets.

e. Information about major customers

For the years ended December 31, 2022 and 2021, the amounts of revenue of $2,993,494 thousand and $3,409,042 thousand, respectively, from sales of the Group's largest customer were accounted for 10%, of the Group's total sales.

ITEQ CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
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	$ -	-	$ -	$ 4,022,197	$ 8,044,394
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	-	-	-	435,222	435,222
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	-	-	-	4,022,197	4,022,197
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	-	-	-	4,022,197	4,022,197
		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	-	-	-	4,022,197	4,022,197
		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	-	-	-	4,022,197	4,022,197
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	-	-	-	4,022,197	4,022,197

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 AND SUBSIDIARIES

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	$ 20,110,986	$ 300,000 (Note 3)	$ -	$ -	$ -	-	$ 20,110,986	Y	N	N
		IIL	Indirect holding 100% by subsidiary	20,110,986	965,900 (Note 3)	690,975	90,717	-	3.44%	20,110,986	Y	N	N
		IPL	Indirect holding 100% by subsidiary	20,110,986	3,946,338 (Note 3)	3,623,780	1,386,088	-	18.02%	20,110,986	Y	N	N
		ITEQ (DG)	Indirect holding 100% by subsidiary	20,110,986	2,059,630 (Note 3)	1,535,500	-	-	7.64%	20,110,986	Y	N	Y
		ITEQ (JX)	Indirect holding 100% by subsidiary	20,110,986	3,187,155 (Note 3)	2,917,450	582,041	-	14.51%	20,110,986	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.

ITEQ CORPORATION AND SUBSIDIARIES

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 AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE 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	
	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	

(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 (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)	Same parent company	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)	-	-	-	1,570,156	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)

ITEQ CORPORATION AND SUBSIDIARIES

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 (GZ)	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: Eliminated in the consolidated financial statements.

ITEQ CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated 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	-	4,900	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 AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2022
(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.

ITEQ CORPORATION AND SUBSIDIARIES

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

No. (Note 1)	Transaction Company	Counterparty	Flow of Transactions (Note 2)	Description of Transactions (Notes 3 and 5)			
				Account	Amount	Transaction Terms	Ratio of Consolidated Revenue/Assets
0	ITEQ	ITEQ (JX)	1	Sale	$ 210,532	Note 4	0.72%
		ITEQ (JX)	1	Accounts receivable	226,181	Note 4	0.68%
1	IPL	ITEQ (JX)	3	Other receivable	567,158	Note 4	1.70%
		ITEQ (JX)	2	Sale	656,922	Note 4	2.26%
		ITEQ (DG)	3	Sale	472,244	Note 4	1.62%
		ITEQ (GZ)	3	Sale	459,276	Note 4	1.58%
		ITEQ (JX)	3	Accounts receivable	201,724	Note 4	0.60%
		ITEQ (GZ)	3	Accounts receivable	211,984	Note 4	0.63%
2	IIL	ITEQ (WX)	3	Sale	400,684	Note 4	1.38%
		ITEQ (WX)	3	Accounts receivable	433,444	Note 4	1.30%
3	ITEQ (DG)	ITEQ (JX)	3	Sale	279,516	Note 4	0.96%
		ITEQ (GZ)	3	Accounts receivable	1,794,587	Note 4	6.16%
		ITEQ (JX)	3	Accounts receivable	260,387	Note 4	0.78%
4	ITEQ (WX)	ITEQ (JX)	3	Other receivable	1,896,060	Note 4	5.68%
		IIL	3	Sale	657,750	Note 4	2.26%
		ITEQ	2	Sale	524,443	Note 4	1.80%
		ITEQ (DG)	3	Sale	453,702	Note 4	1.56%
		IIL	3	Accounts receivable	651,239	Note 4	1.95%
5	ITEQ (GZ)	ITEQ (DG)	3	Sale	1,430,842	Note 4	4.91%
		ITEQ (DG)	3	Accounts receivable	254,399	Note 4	0.76%
6	ITEQ (JX)	ITEQ (DG)	3	Sale	4,763,586	Note 4	16.35%
		ITEQ (WX)	3	Sale	2,155,394	Note 4	7.40%
		ITEQ (DG)	3	Accounts receivable	1,570,156	Note 4	4.70%
		ITEQ (WX)	3	Accounts receivable	208,346	Note 4	0.62%
7	ITEQ Holding	ITEQ (HK)	3	Other receivable	837,796	Note 4	2.51%

(Continued)

Note 1: The types of business transactions are indicated by the following numbers shown in the No. column:

a. 0 - ITEQ (parent company).
b. 1 to 7 - subsidiaries.

Note 2: The transaction flows were as follows:

a. 1 - from parent company to subsidiary.
b. 2 - from subsidiary to parent company.
c. 3 - between subsidiaries.

Note 3: The ratio of consolidated revenue/assets depends on the account to which it belongs. The profit and loss account is a percentage of consolidated revenue while the assets/liabilities are a percentage of consolidated total assets.

Note 4: The transaction terms are comparable to those of the third parties.

Note 5: A transaction is disclosed if it amounts to more than $200,000 thousand.

(Concluded)

TABLE 9

ITEQ CORPORATION AND SUBSIDIARIES

INFORMATION OF 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 shares 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.

[Appendix V]

The Individual Financial Statements of the Most Recent Year of the Company which Financial Statements Audited by CPAs

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)

(Continued)

ITEQ CORPORATION

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

	2022	2021
Interest received	$ 1,288	$ 509
Dividends received from subsidiaries	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)

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.

The Company as lessee

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

Short-term employee benefits

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

Post-employment benefits

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.

Sensitivity analysis

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	$ -	-	$ -	$ 4,022,197	$ 8,044,394
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	-	-	-	435,222	435,222
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	-	-	-	4,022,197	4,022,197
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	-	-	-	4,022,197	4,022,197
		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	-	-	-	4,022,197	4,022,197
		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	-	-	-	4,022,197	4,022,197
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	-	-	-	4,022,197	4,022,197

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	$ 20,110,986	$ 300,000 (Note 3)	$ -	$ -	$ -	-	$ 20,110,986	Y	N	N
		IIL	Indirect holding 100% by subsidiary	20,110,986	965,900 (Note 3)	690,975	90,717	-	3.44%	20,110,986	Y	N	N
		IPL	Indirect holding 100% by subsidiary	20,110,986	3,946,338 (Note 3)	3,623,780	1,386,088	-	18.02%	20,110,986	Y	N	N
		ITEQ (DG)	Indirect holding 100% by subsidiary	20,110,986	2,059,630 (Note 3)	1,535,500	-	-	7.64%	20,110,986	Y	N	Y
		ITEQ (JX)	Indirect holding 100% by subsidiary	20,110,986	3,187,155 (Note 3)	2,917,450	582,041	-	14.51%	20,110,986	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.

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)

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

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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

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.

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	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)

Name	Balance, January 1, 2022		Increase (Decrease)		Investments Accounted for Using Equity Method	Recognize Subsidiary's Gain on Available for Financial Products	Financial Guarantee Contracts	Cumulative Translation Adjustment	Balance, December 31, 2022			Fair Value	Note
	Share (In Thousands)	Amount	Share (In Thousands)	Amount					Share (In Thousands)	Percentage of Ownership (%)	Amount		
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	
				$ -	$ -	

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

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.

ITEQ Corporation

Chairman: Chin-Tsai Chen