Desiccant Technology Corporation

Financial Statements for the Years Ended December 31, 2023 and 2022 and Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Desiccant Technology Corporation

Opinion

We have audited the accompanying financial statements of Desiccant Technology Corporation (the "Company"), which comprise the balance sheets as of December 31, 2023 and 2022, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including material accounting policy information (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, 2023 and 2022, 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.

Basis for Opinion

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

Key Audit Matter

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the financial statements for the year ended December 31, 2023. The matter was 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 the matter.

The key audit matter of the Company's financial statements for the year ended December 31, 2023 is stated as follows:

<u>Construction Revenue Recognition</u>

The Company mainly engages in the design, engineering and installation of systems. The revenue of the Company's construction is based on the percentage of completion method and is calculated based on the degree of completion during the contract period. The estimated total project cost and contract items are evaluated and judged by the management with respect to the nature of different projects, estimated contract amounts, engineering periods, engineering work, work methods, etc. However, due to the long contract periods, the contracts are susceptible to fluctuations in raw material and labor prices and additions and deletions of projects, which make them subject to inherent risks of complexity. Due to the nature of subjective estimation, errors could exist in calculation of construction revenue based on the percentage of completion method for some projects, leading to significant impact on inaccurate revenue presentation in each period. The estimation of total construction cost for project contracts is a significant estimation and judgment. Therefore, it is identified as key audit matter.

Refer to Note 4(m), 5 and 24 of the consolidated financial statements for the accounting policy, accounting estimates and assumptions uncertainties, and relevant disclosures relating to construction revenue recognition.

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

1. We obtained an understanding of the design and implementation of internal controls for estimating total construction cost.

2. We selected samples and performed tests of details to verify the reasonableness of the estimated total construction cost.

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

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

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

Those charged with governance, including the audit committee, 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 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, 2023 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 Li-Huang Lee. and Nai-Hua Kuo.

Lee, Li-Huang Nai-Hua Kuo

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 14, 2024

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

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.

DESICCANT TECHNOLOGY CORPORATION

BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023		2022	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	$ 955,277	37	$ 606,098	29
Financial assets at fair value through profit or loss - current (Notes 7 and 31)	220,629	9	70,840	3
Financial assets at amortized cost - current (Notes 9 and 33)	1,819	-	1,800	-
Contract assets - current (Note 24)	265,550	10	218,133	10
Notes receivable (Notes 10 and 24)	7,567	-	3,115	-
Trade receivables (Notes 10 and 24)	327,183	13	336,103	16
Trade receivables from related parties (Notes 10, 24 and 32)	-	-	10,479	1
Other receivables (Note 10)	1,198	-	1,110	-
Inventories (Note 11)	164,705	7	291,156	14
Prepayments (Note 17)	9,099	-	19,818	1
Total current assets	1,953,027	76	1,558,652	74
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 8 and 31)	423	-	423	-
Investments accounted for using the equity method (Note 12)	207,214	8	160,892	8
Property, plant and equipment (Notes 13 and 33)	345,684	14	329,463	16
Investment properties (Note 15)	35,921	1	36,040	2
Other intangible assets (Note 16)	2,820	-	8,370	-
Deferred tax assets (Note 26)	11,586	1	10,455	-
Refundable deposits (Notes 17 and 32)	1,976	-	389	-
Total non-current assets	605,624	24	546,032	26
TOTAL	$ 2,558,651	100	$ 2,104,684	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 18 and 33)	$ 21,633	1	$ 36,844	2
Contract liabilities - current (Note 24)	596,758	23	601,886	29
Notes payable (Note 19)	162,271	6	256,394	12
Trade payables (Note 19)	121,321	5	95,223	4
Trade payables to related parties (Notes 19 and 32)	455	-	8,224	-
Other payables (Note 20)	100,495	4	101,823	5
Current tax liabilities (Note 26)	44,683	2	32,093	1
Provisions - current (Note 21)	13,041	-	12,324	1
Other current liabilities (Note 20)	1,561	-	1,183	-
Total current liabilities	1,062,218	41	1,145,994	54
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Note 26)	28,149	1	17,618	1
Net defined benefit liabilities - non-current (Note 22)	13,809	1	14,097	1
Other non-current liabilities (Note 20)	80	-	80	-
Total non-current liabilities	42,038	2	31,795	2
Total liabilities	1,104,256	43	1,177,789	56
EQUITY (Notes 23 and 28)				
Ordinary shares	348,000	14	308,000	15
Capital surplus	335,473	13	58,006	3
Retained earnings				
Legal reserve	91,066	3	66,587	3
Special reserve	18,038	1	19,418	1
Unappropriated earnings	682,805	27	492,923	23
Total retained earnings	791,909	31	578,928	27
Other equity	(20,987)	(1)	(18,039)	(1)
Total equity	1,454,395	57	926,895	44
TOTAL	$ 2,558,651	100	$ 2,104,684	100

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

DESICCANT TECHNOLOGY CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 24 and 32)				
Sales	$ 43,063	2	$ 70,307	4
Construction revenue	1,521,297	85	1,489,768	83
Repair and maintenance service	226,512	13	240,283	13
Total operating revenue	1,790,872	100	1,800,358	100
OPERATING COSTS (Notes 11, 25 and 32)				
Cost of sales	(25,035)	(1)	(34,043)	(2)
Construction costs	(1,214,437)	(68)	(1,291,204)	(72)
Repair and maintenance costs	(111,131)	(6)	(119,741)	(6)
Total operating costs	(1,350,603)	(75)	(1,444,988)	(80)
GROSS PROFIT	440,269	25	355,370	20
OPERATING EXPENSES (Notes 25 and 32)				
Selling and marketing expenses	(7,217)	(1)	(12,257)	-
General and administrative expenses	(74,995)	(4)	(68,846)	(4)
Research and development expenses	(57,334)	(3)	(54,823)	(3)
Expected credit gain (Note 10 and 24)	31	-	1,409	-
Total operating expenses	(139,515)	(8)	(134,517)	(7)
PROFIT FROM OPERATIONS	300,754	17	220,853	13
NON-OPERATING INCOME AND EXPENSES (Notes 25 and 32)				
Interest income	12,897	-	3,082	-
Other income	1,164	-	853	-
Other gains and losses	20,396	1	43,644	2
Finance costs	(112)	-	(66)	-
Share of profits of subsidiaries and associates	50,007	3	27,565	2
Total non-operating income and expenses	84,352	4	75,078	4
PROFIT BEFORE INCOME TAX	385,106	21	295,931	17
INCOME TAX EXPENSE (Note 26)	(79,961)	(4)	(53,962)	(3)
NET PROFIT	305,145	17	241,969	14

(Continued)

DESICCANT TECHNOLOGY CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	**%**	**Amount**	**%**
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 22)	$ 295	-	$ 3,522	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 26)	(59)	-	(704)	-
	236	-	2,818	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations (Note 23)	(3,685)	-	1,725	-
Income tax related to items that may be reclassified subsequently to profit or loss (Notes 23 and 26)	737	-	(345)	-
	(2,948)	-	1,380	-
Other comprehensive income (loss), net of income tax	(2,712)	-	4,198	-
TOTAL COMPREHENSIVE INCOME	$ 302,433	17	$ 246,167	14
EARNINGS PER SHARE (Note 27)				
Basic	$ 9.75		$ 7.90	
Diluted	$ 9.67		$ 7.82	

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

DESICCANT TECHNOLOGY CORPORATION

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

			Retained Earnings			Other Equity	
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Total Equity
BALANCE, JANUARY 1, 2022	$ 268,000	$ 9,990	$ 52,182	$ 19,010	$ 332,949	$ (19,419)	$ 662,712
Appropriation of 2021 earnings (Note 23)							
Legal reserve	-	-	14,405	-	(14,405)	-	-
Special reserve	-	-	-	408	(408)	-	-
Cash dividends distributed by the Company	-	-	-	-	(42,000)	-	(42,000)
Share dividends distributed by the Company	28,000	-	-	-	(28,000)	-	-
Issuance of ordinary shares for cash	12,000	48,000	-	-	-	-	60,000
Net profit for the year ended December 31, 2022	-	-	-	-	241,969	-	241,969
Other comprehensive income (loss) for the year ended December 31, 2022 (Note 23)	-	-	-	-	2,818	1,380	4,198
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	244,787	1,380	246,167
Other changes in capital surplus	-	16	-	-	-	-	16
BALANCE, DECEMBER 31, 2022	308,000	58,006	66,587	19,418	492,923	(18,039)	926,895
Appropriation of 2022 earnings (Note 23)							
Legal reserve	-	-	24,479	-	(24,479)	-	-
Special reserve	-	-	-	(1,380)	1,380	-	-
Cash dividends distributed by the Company	-	-	-	-	(92,400)	-	(92,400)
Share-based payment arrangements (Note 28)	-	4,364	-	-	-	-	4,364
Issuance of ordinary shares for cash	40,000	273,103	-	-	-	-	313,103
Net profit for the year ended December 31, 2023	-	-	-	-	305,145	-	305,145
Other comprehensive income (loss) for the year ended December 31, 2023 (Note 23)	-	-	-	-	236	(2,948)	(2,712)
Total comprehensive income for the year ended December 31, 2023	-	-	-	-	305,381	(2,948)	302,433
BALANCE, DECEMBER 31, 2023	$ 348,000	$ 335,473	$ 91,066	$ 18,038	$ 682,805	$ (20,987)	$ 1,454,395

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

DESICCANT TECHNOLOGY CORPORATION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 385,106	$ 295,931
Adjustments for:		
Depreciation expense	17,104	18,008
Amortization expense	5,721	6,103
Expected credit loss reversed	(31)	(1,409)
Net gain on fair value changes of financial assets at fair value through profit or loss	(1,789)	(185)
Finance costs	112	66
Interest income	(12,897)	(3,082)
Dividend income	(76)	-
Share-based compensation	4,364	-
Share of profits of subsidiaries and associates	(50,007)	(27,565)
Gain on disposal of property, plant and equipment	(48)	-
Write-down of inventories	2,667	-
Reversal of write-down of inventories	-	(2,048)
Changes in operating assets and liabilities		
Contract assets	(47,417)	(68,058)
Notes receivable	(4,452)	(763)
Trade receivables	8,951	(33,741)
Trade receivables from related parties	10,479	(5,423)
Other receivables	-	4
Inventories	123,784	(100,454)
Prepayments	10,719	(3,095)
Contract liability	(5,128)	265,740
Notes payable	(94,123)	73,724
Trade payables	26,098	9,496
Trade payables to related parties	(7,769)	7,751
Other payables	(554)	29,844
Provisions	717	2,039
Other current liabilities	378	39
Net defined benefit liabilities	7	352
Cash generated from operations	371,916	463,274
Interest received	12,809	2,073
Interest paid	(119)	(59)
Income tax paid	(57,293)	(42,467)
Net cash generated from operating activities	327,313	422,821
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	(19)	-
Proceeds from sale of financial assets at amortized cost	-	15,003
Purchase of financial assets at fair value through profit or loss	(148,000)	(46,000)
Payments for property, plant and equipment	(33,973)	(7,395)
Proceeds from disposal of property, plant and equipment	48	-

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DESICCANT TECHNOLOGY CORPORATION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023	**2022**
Payments for intangible assets	$ (171)	$ (198)
Increase in refundable deposits	(1,587)	(160)
Other dividends received	76	-
Net cash used in investing activities	(183,626)	(38,750)
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term borrowings	(15,211)	(34,914)
Increase in guarantee deposits received	-	80
Dividends paid to owners of the Company	(92,400)	(42,000)
Proceeds from issuance of ordinary shares	313,103	60,000
Imposition of disgorgement	-	16
Net cash generated from/(used in) financing activities	205,492	(16,818)
NET DECREASE IN CASH AND CASH EQUIVALENTS	349,179	367,253
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	606,098	238,845
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 955,277	$ 606,098

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

1. GENERAL INFORMATION

Desiccant Technology Corporation (the "Company") was incorporated on September 21, 1989. The Company engages mainly in manufacturing industrial dehumidification equipment, drying equipment, pollution control equipment, installation project's design, contracting, and import and export of related products.

The shares of the Company were listed on the Taiwan Stock Exchange on November 21, 2023.

The financial statements of the Company are presented in the Company's functional currency, the New Taiwan dollar (NT$).

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Company's board of directors on March 13, 2024.

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

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

   Except for the following, the initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Company's accounting policies:

   1) Amendments to IAS 1 "Disclosure of Accounting Policies"

      When applying the amendments, the Company refers to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Moreover:

      - Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;

      - The Company may consider the accounting policy information material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and

      - Not all accounting policy information relating to material transactions, other events or conditions is itself material.

The accounting policy information is likely to be considered material to the financial statements if that information relates to material transactions, other events or conditions and:

a) The Company changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;

b) The Company chose the accounting policy from options permitted by the standards;

c) The accounting policy was developed in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" in the absence of an IFRS that specifically applies;

d) The accounting policy relates to an area for which the Company is required to make significant judgments or assumptions in applying an accounting policy, and the Company discloses those judgments or assumptions; or

e) The accounting is complex, and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

Refer to Note 4 for related accounting policy information.

2) Amendments to IAS 8 "Definition of Accounting Estimates"

The Company has applied the amendments since January 1, 2023, which defines accounting estimates as monetary amounts in financial statements that are subject to measurement uncertainty. In applying accounting policies, the Company may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Company uses measurement techniques and inputs to develop accounting estimates to achieve the objective. The effects on an accounting estimate of a change in a measurement technique or a change in an input are changes in accounting estimates unless they result from the correction of prior period errors.

b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
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
Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards will be 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.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

Amendments to IAS 1 "Classification of Liabilities as Current or Non-current" (referred to as the "2020 amendments") and "Non-current Liabilities with Covenants" (referred to as the "2022 amendments")

The 2020 amendments clarify that for a liability to be classified as non-current, the Company shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights exist at the end of the reporting period, the liability is classified as non-current regardless of whether the Company will exercise that right.

The 2020 amendments also stipulate that, if the right to defer settlement is subject to compliance with specified conditions, the Company must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date. The 2022 amendments further clarify that only covenants with which an entity is required to comply on or before the reporting date should affect the classification of a liability as current or non-current. Although the covenants to be complied with within twelve months after the reporting period do not affect the classification of a liability, the Company shall disclose information that enables users of financial statements to understand the risk of the Company, which may have difficulty complying with the covenants and repaying its liabilities within twelve months after the reporting period.

The 2020 amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Company's own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that, at the option of the counterparty, result in its settlement by a transfer of the Company's own equity instruments, and if such an option is recognized separately as equity in accordance with IAS 32 "Financial Instruments: Presentation", the aforementioned terms would not affect the classification of the liability.

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. The IFRS Accounting Standards 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
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 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

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 MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS Accounting Standards as endorsed and issued into effect by the FSC.

b. Basis of preparation

The parent company only financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

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 an 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 an asset or liability.

When preparing these parent company only financial statements, the Company used the equity method to account for its investments in subsidiaries. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same with the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for 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 parent company only financial statements

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

Current assets include:

- Assets held primarily for the purpose of trading;

- Assets expected to be realized within 12 months after the reporting period; and

- Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- Liabilities held primarily for the purpose of trading;
- Liabilities due to be settled within 12 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
- Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

The Company is engaged in the construction business, which has an operating cycle of over 1 year. The normal operating cycle applies when considering the classification of the Company's construction-related assets and liabilities.

d. Foreign currencies

In preparing the financial statements, transactions in currencies other than the Company'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. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting the financial statements, the financial statements of the Company and its foreign operations (including subsidiaries in other countries that use currencies which are different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

e. Inventories

Inventories consist of raw materials, finished goods and work in progress 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. The 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 the weighted-average cost on the balance sheet date.

f. Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an 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 attributable to the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are accounted for as equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Company's share of loss of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognize its share of further loss, if any.

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 that constitutes a business 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 of a subsidiary that constitutes a business over the cost of acquisition is recognized immediately in profit or loss.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. An impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

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 had the Company directly disposed of the related assets or liabilities.

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

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.

Except for freehold land which is not depreciated, 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.

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. Investment properties

Investment properties are properties held to earn rental and/or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is recognized using the straight-line method.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

i. Intangible assets

1) Intangible assets acquired separately

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 lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

j. Impairment of property, plant and equipment, intangible assets and assets related to contract costs

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, investment properties and intangible assets 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. Corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

Before the Company recognizes an impairment loss from assets related to contract costs, any impairment loss on inventories, property, plant and equipment and intangible assets related to the contract applicable under IFRS 15 shall be recognized in accordance with applicable standards. Then, impairment loss from the assets related to the contract costs is recognized to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Company expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services and which have not been recognized as expenses. The assets related to the contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding 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.

k. 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 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 categories

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

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified. 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, and any dividends or interest earned on such financial assets are recognized in other income and interest income, respectively; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 31.

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, financial assets at amortized cost, notes receivable. trade receivables (including related parties), other receivables (including related parties), other financial instruments, refundable deposits and long-term notes and receivables, 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 asset, 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 asset that is not credit impaired on purchase or origination but has 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 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 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 trade receivables), investments in debt instruments that are measured at FVTOCI, as well as contract assets.

The Company always recognizes lifetime expected credit losses (ECLs) for trade receivables, and contract assets. 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.

For internal credit risk management purposes, the Company considers the following situations as indication that a financial asset is in default (without taking into account any collateral held by the Company):

i. Internal or external information shows that the debtor is unlikely to pay its creditors.

ii. Financial asset is more than 180 days past due unless the Company has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

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 party.

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. 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.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity, and its carrying amounts are calculated based on weighted average by share type and calculated separately by repurchase category. 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.

b) Derecognition of financial liabilities

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

l. Provisions

Provisions are measured at the best estimate of the discounted cash flows 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.

1) Onerous contracts

Onerous contracts are those in which the Company's unavoidable costs of meeting the contractual obligations exceed the economic benefits expected to be received from the contract. The present obligations arising under onerous contracts are recognized and measured as provisions. In assessing whether a contract is onerous, the cost of fulfilling a contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that are related directly to fulfilling contracts.

2) Warranties

Provisions for the expected cost of warranty obligations to assure that products comply with agreed-upon specifications are recognized on the date of sale of the relevant products at the best estimate by the management of the Company of the expenditures required to settle the Company's obligations.

m. Revenue recognition

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

For contracts where the period between the date on which the Company transfers a promised good or service to a customer and the date on which the customer pays for that good or service is one year or less, the Company does not adjust the promised amount of consideration for the effects of a significant financing component.

1) Revenue from sale of goods

Revenue from the sale of goods comes from sales of dehumidification equipment and related supplies. Sales of dehumidification equipment and related supplies are recognized as revenue when the goods are delivered to the customer because it is the time 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 transaction price received is recognized as a contract liability until the goods have been delivered to the customer.

2) Revenue from repair and maintenance services

Revenue from repair and maintenance services comes from extended warranty services and repair services.

As the Company provides extended warranty services or repair services, customers simultaneously receive and consume the benefits provided by the Company's performance. Consequently, the related revenue is recognized when services are rendered. When the outcome of a performance obligation cannot be reasonably measured, revenue is recognized only to the extent of costs incurred in satisfying the performance obligation for which recovery is expected.

3) Construction revenue

While the environmental equipment construction contract is in progress; thus, the Company recognizes revenue over time. The Company measures the progress on the basis of costs incurred relative to the total expected costs as there is a direct relationship between the costs incurred and the progress of satisfying the performance obligations. Contract assets are recognized during the construction and are reclassified to trade receivables at the point at which the customer is invoiced. If the milestone payments exceed the revenue recognized to date, then the Company recognizes contract liabilities for the difference. On the contrary, it is recognized as contract asset. Certain payments, which are retained by the customer as specified in the contract, are intended to ensure that the Company adequately completes all of its contractual obligations. Such retention receivables are recognized as contract assets until the Company satisfies its performance obligations.

When the outcome of a performance obligation cannot be reasonably measured, contract revenue is recognized only to the extent of contract costs incurred in satisfying the performance obligation for which recovery is expected.

n. Leases

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

1) The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

Variable lease payments that do not depend on an index or a rate are recognized as income in the periods in which they are incurred.

When a lease includes both land and building elements, the Company assesses the classification of each element separately as a finance or an operating lease based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the lessee. The lease payments are allocated to the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the contract. If the allocation of the lease payments can be made reliably, each element is accounted for separately in accordance with its lease classification. When the lease payments cannot be allocated reliably to the land and building elements, the entire lease is generally classified as a finance lease unless it is clear that both elements are operating leases; in which case, the entire lease is classified as an operating lease.

2) 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, 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 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.

Lease liabilities are initially measured at the present value of the lease payments. 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, 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.

o. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than that which is stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

p. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which 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 it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Company's defined benefit plans. 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.

q. Share-based payment arrangements employee share options

Employee share options granted to employees

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.

r. 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 on unappropriated earnings is provided for in the year the shareholders approve to retain 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 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, unused loss carryforwards, and unused tax credits for purchases of machinery, equipment and technology, research and development expenditures, and personnel training expenditures to the extent 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 recognized only 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 assets 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 liabilities are settled or the assets are 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

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. MATERIAL 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 relevant information 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.

When developing material accounting estimates, the Company considers the possible impact of inflation and interest rate fluctuation on the cash flow projection, growth rates, discount rates, profitabilities and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Key Sources of Estimation Uncertainty

Construction contracts

Contract revenue and costs are recognized by reference to the stage of completion of each contract. The stage of completion of a contract is measured based on the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

The estimated total contract costs and contractual items are assessed and determined by management, based on the nature of the work, expected sub-contracting charges, construction periods, processes, methods, etc., for each construction contract. Changes in these estimates might affect the calculation of the percentage of completion and related profit and loss from the construction contracts. See Note 24 for the details.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	2022
Cash on hand	$ 2,371	$ 1,258
Checking accounts and demand deposits	239,065	252,062
Cash equivalents (investments with original maturities of 3 months or less)		
Time deposits	713,841	352,778
	$ 955,277	$ 606,098

The market rate intervals of cash in the bank were as follows:

	December 31	
	2023	2022
Bank balance	0.001%-5.300%	0.001%-4.600%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2023	2022
Financial assets at fair value through profit or loss (FVTPL) - current		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Domestic mutual funds	$ 220,629	$ 70,840

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in Equity Instruments at FVTOCI

	December 31	
	2023	2022
Non-current		
Domestic investments		
Unlisted shares		
Ordinary shares - Hsin Maut Corporation	$ 423	$ 423

These investments in equity instruments 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.

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2023	2022
Current		
Domestic investments		
Time deposits with original maturities of more than 3 months (Note)	$ 1,819	$ 1,800

Note: The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 1.57% and 1.44% per annum as of December 31, 2023 and 2022, respectively.

Refer to Note 33 for information relating to investments in financial assets at amortized cost pledged as security.

10. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2023	2022
Notes receivable		
At amortized cost		
Gross carrying amount	$ 7,567	$ 3,115
Less: Allowance for impairment loss	-	-
	$ 7,567	$ 3,115
Notes receivable - operating	$ 7,567	$ 3,115

(Continued)

	December 31	
	2023	2022
Trade receivables		
At amortized cost		
Gross carrying amount	$ 327,184	$ 336,135
Less: Allowance for impairment loss	(1)	(32)
	$ 327,183	$ 336,103
Trade receivables from related parties	$ -	$ 10,479
Other receivables		
Interest receivables	$ 1,198	$ 1,110
Others	1,032	3,456
Less: Allowance for impairment loss	(1.032)	(3,456)
	$ 1,198	$ 1,110

(Concluded)

a. Notes receivable

The Company measures the loss allowance for note receivable at an amount equal to lifetime ECLs. The expected credit losses on note receivable are estimated using a provision matrix prepared by reference to the past default experience of the customer and economic condition of the industry in which the customer operates. On December 31, 2023 and 2022, the Company assessed that there was no need to recognize expected credit losses on notes receivable.

The Company did not pledge notes receivable as collateral on December 31, 2023 and 2022, respectively.

The aging analysis of receivables was as follows:

	December 31	
	2023	2022
Up to 90 days	$ 7,566	$ 3,115
91-180 days	1	-
	$ 7,567	$ 3115

The above aging schedule was based on the number of days past due from the invoice date.

b. Trade receivables

The credit period of sales of goods was based on contract.

In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the year to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, as well as the GDP forecasts and industry outlook. 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 trade receivable when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. 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, 2023

	Not Past Due	1 to 90 Days Past Due	91 to 180 Days Past Due	Over 120 Days Past Due	Total
Expected credit loss rate	0.0001%	0.0007%-0.0077%	0.0339%-7.6923%	100%	
Gross carrying amount	$ 313,745	$ 13,281	$ 158	$ -	$ 327,184
Loss allowance (Lifetime ECLs)	(1)	-	-	-	(1)
Amortized cost	$ 313,744	$ 13,281	$ 158	$ -	$ 327,183

December 31, 2022

	Not Past Due	1 to 90 Days Past Due	91 to 180 Days Past Due	Over 120 Days Past Due	Total
Expected credit loss rate	0.0004%	0.0169%-0.1157%	0.4003%-14.3202%	100%	
Gross carrying amount	$ 306,835	$ 39,779	$ -	$ -	$ 346,614
Loss allowance (Lifetime ECLs)	(2)	(30)	-	-	(32)
Amortized cost	$ 306,833	$ 39,749	$ -	$ -	$ 346,582

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

	December 31	
	2023	2022
Balance at January 1	$ 32	$ 2,169
Less: Net remeasurement of loss allowance	(31)	(2,116)
Less: Amounts written off	-	(21)
Balance at December 31	$ 1	$ 32

Note: In 2022, due to customer bankruptcy declarations and financial difficulties, the expected credit loss rate was assessed at 100%. The Company has no realistic prospect of recovery and has written off the related allowance of $21 thousand.

c. Other receivables

The other receivables are interest receivables, etc. The Company's policy is to only transact with reputable client. The Company continuously monitors the client's arrear records past and analyzes their financial condition to assess whether there has been a significant increase in credit risk since the last period to the reporting date and to measure expected credit losses. As of December 31, 2023 and 2022, due to the fact that there is no realistic prospect of reasonably expect recoverable amounts for some other receivables, the expected credit loss rate was assessed at 100% with loss allowance of $1,032 thousand and $3,456 thousand, respectively. The movements of the loss allowance for other receivables were as follows:

	December 31	
	2023	2022
Balance at January 1	$ 3,456	$ 2,424
Add: Net remeasurement of loss allowance	-	1,032
Less: Amounts written off	(2,424)	-
Balance at December 31	$ 1,032	$ 3,456

11. INVENTORIES

	December 31	
	2023	2022
Raw materials	$ 94,833	$ 98,359
Work in progress	57,829	81,658
Finished goods	12,043	111,139
	$ 164,705	$ 291,156

The nature of the cost of goods sold is as follows:

	For the Year Ended December 31	
	2023	2022
Cost of inventories sold	$ 22,368	$ 36,091
Inventory write-downs (reversed)	2,667	(2,048)
	$ 25,035	$ 34,043

Inventory write-downs were reversed as a result an increase in net realizable value.

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2023	2022
Investments in subsidiaries	$ 207,214	$ 160,892

Investments in subsidiaries

	December 31	
	2023	2022
GST Corporation	$ 5,299	$ 6,031
XYRA Research Corp.	49,287	40,565
Desiccant Technology Corp.	152,528	114,296
	$ 207,214	$ 160,892

	Proportion of Ownership and Voting Rights	
	December 31	
	2023	2022
GST Corporation	100.00%	100.00%
XYRA Research Corp.	100.00%	100.00%
Desiccant Technology Corp.	80.78%	80.78%

Refer to Table 3 "Information on Investees" for the nature of activities, principal place of business and country of incorporation of the subsidiaries.

For the years ended December 31, 2023 and 2022, the share of income or loss and the share of other comprehensive income or loss of the subsidiaries were based on the audited financial statements at same period.

13. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery Equipment	Transportation Equipment	Office Equipment	Other Equipment	Total
Cost							
Balance at January 1, 2023	$ 131,520	$ 208,148	$ 34,969	$ 6,542	$ 3,138	$ 10,252	$ 394,569
Additions	27,373	4,384	138	925	386	-	33,206
Disposals	-	(818)	(1,281)	(1,801)	(2,639)	(2,667)	(9,206)
Balance at December 31, 2023	$ 158,893	$ 211,714	$ 33,826	$ 5,666	$ 885	$ 7,585	$ 418,569
Accumulated depreciation							
Balance at January 1, 2023	$ 8,891	$ 39,061	$ 7,462	$ 2,933	$ 2,538	$ 4,221	$ 65,106
Depreciation expenses	-	8,188	4,443	1,165	572	2,617	16,985
Disposals	-	(818)	(1,281)	(1,801)	(2,639)	(2,667)	(9,206)
Balance at December 31, 2023	$ 8,891	$ 46,431	$ 10,624	$ 2,297	$ 471	$ 4,171	$ 72,885
Carrying amounts at December 31, 2023	$ 150,002	$ 165,283	$ 23,202	$ 3,369	$ 414	$ 3,414	$ 345,684
Cost							
Balance at January 1, 2022	$ 131,520	$ 208,148	$ 23,081	$ 7,270	$ 3,834	$ 6,681	$ 380,534
Additions	-	-	3,251	-	-	4,144	7,395
Reclassification	-	-	10,350	-	-	78	10,428
Disposals	-	-	(1,713)	(728)	(696)	(651)	(3,788)
Balance at December 31, 2022	$ 131,520	$ 208,148	$ 34,969	$ 6,542	$ 3,138	$ 10,252	$ 394,569
Accumulated depreciation							
Balance at January 1, 2022	$ 8,891	$ 30,758	$ 4,750	$ 2,336	$ 2,115	$ 2,155	$ 51,005
Depreciation expenses	-	8,303	4,425	1,325	1,119	2,717	17,889
Disposals	-	-	(1,713)	(728)	(696)	(651)	(3,788)
Balance at December 31, 2022	$ 8,891	$ 39,061	$ 7,462	$ 2,933	$ 2,538	$ 4,221	$ 65,106
Carrying amounts at December 31, 2022	$ 122,629	$ 169,087	$ 27,507	$ 3,609	$ 600	$ 6,031	$ 329,463

No impairment assessment was performed for the year ended December 31, 2023 and 2022 as there was no indication of impairment.

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

Buildings	
Main buildings	25-50 years
Others	3 years
Machinery equipment	5-10 years
Transportation equipment	5 years
Office equipment	3-5 years
Other equipment	2-8 years

The land held by the Company (hereinafter referred to as Party A) in Longtan District, Taoyuan City amounted to $9,082 thousand as of December 31, 2023, and 2022. With legal restrictions, Party A is not allowed to claim ownership. Therefore, Party A acquires the ownership of the land through a principle (hereinafter referred to as Party B), and requests party B to sign the contract of borrowing other's name for real estate registration real estate as a guarantee. Both parties agree:

a. During nominee registration period, the land is managed, used and disposed of by Party A, and land ownership certificate is kept by Party A. Party B shall not, without Party A's agreement, transfer or create mortgage over the land.

b. Party A can terminate the contract at any time and ask Party B to return the ownership of the land to Party A or third party assigned by Party A. Party B shall not intentionally make any excuse to reject or request any compensation.

c. During nominee registration period, the contract shall be cancelled automatically if the mandate extinguished under Civil Code. Party B or its successors shall unconditionally transfer the land registration to the person designated by Party A.

d. During nominee registration period, ownership of the land shall be transferred to Party A if there were changes in regulations or land categories. Party B shall unconditionally transfer the land registration to Party A.

e. The contract shall be binding on the successors or transferees of both parties.

Property, plant and equipment used by the Company and pledged as collateral for bank borrowings are set out in Note 33.

14. LEASE ARRANGEMENTS

a. Material leasing activities and terms

The Company leases buildings for the use of dormitories, offices, and plants with lease terms of 3 months to 1 year. The Company does not have renewal rights or bargain purchase options to acquire the buildings at the end of the lease terms.

b. Other lease information

Refer to Note 15 for agreement for leasing investment properties under operating leases by the Company

	For the Year Ended December 31	
	2023	**2022**
Expenses relating to short-term leases	$ 2,414	$ 1,651
Expenses relating to low-value asset leases	$ 182	$ 81
Total cash outflow for leases	$ (2,596)	$ (1,731)

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

15. INVESTMENT PROPERTIES

	Land	**Buildings**	**Total**
Cost			
Balance at January 1, 2023	$ 31,401	$ 6,000	$ 37,401
Balance at December 31, 2023	$ 31,401	$ 6,000	$ 37,401
Accumulated depreciation and impairment			
Balance at January 1, 2023	$ -	$ 1,361	$ 1,361
Depreciation expenses	-	119	119
Balance at December 31, 2023	$ -	$ 1,480	$ 1,480
Carrying amount at December 31, 2023	$ 31,401	$ 4,520	$ 35,921

(Continued)

	Land	Buildings	Total
Cost			
Balance at January 1, 2022	$ 31,401	$ 6,000	$ 37,401
Balance at December 31, 2022	$ 31,401	$ 6,000	$ 37,401
Accumulated depreciation and impairment			
Balance at January 1, 2022	$ -	$ 1,242	$ 1,242
Depreciation expenses	-	119	119
Balance at December 31, 2022	$ -	$ 1,361	$ 1,361
Carrying amount at December 31, 2022	$ 31,401	$ 4,639	$ 36,040

(Concluded)

The investment properties are leased out for 1 years. The lessees do not have bargain purchase options to acquire the investment properties at the expiration of the lease periods.

The maturity analysis of lease payments receivable under operating leases of investment properties was as follows:

	December 31	
	2023	2022
Year 1	$ 76	$ 76

To reduce the residual asset risk related to buildings at the end of the relevant lease, the Company follows its general risk management strategy.

Investment properties are depreciated using the straight-line method over their estimated useful lives as follows:

Buildings	50 years

As of December 31, 2023 and 2022, the determination of fair value was performed by independent qualified professional valuers, and the fair value was measured using Level 3 inputs. The valuation was arrived at by reference to a discounted cash flow analysis. The significant unobservable inputs used include discount rates. The fair value as appraised was as follows:

	December 31	
	2023	2022
Fair value	$ 57,155	$ 61,912

The land held by the Company (hereinafter referred to as Party A) in Pingzhen District, Taoyuan City amounted to $12,000 thousand as of December 31, 2023, and 2022. With legal restrictions, Party A is not allowed to claim ownership. Therefore, Party A acquires ownership of the land through a principle (hereinafter referred to as Party B) and requests that Party B sign the contract of borrowing other's names for registration real estate as a guarantee. Both parties agree:

a. During the nominee registration period, the land is managed, used and disposed of by Party A, and land ownership certificate is kept by Party A. Party B shall not, without Party A's agreement, transfer or create mortgage over the land.

b. Party A can terminate the contract at any time and ask Party B to return the ownership of the land to Party A or third party assigned by Party A. Party B shall not intentionally make any excuse to reject or request any compensation.

c. During the nominee registration period, the contract shall be cancelled automatically if the mandate extinguished under Civil Code. Party B or its successors shall unconditionally transfer the land registration to the person designated by Party A.

d. During the nominee registration period, the ownership of the land shall be transferred to Party A if there were changes in regulations or land categories. Party B shall unconditionally transfer the land registration to Party A.

e. The contract shall be binding on the successors or transferee of both parties.

16. INTANGIBLE ASSETS

	Software
Cost	
Balance at January 1, 2023	$ 18,492
Additions	171
Disposals	(2,399)
Balance at December 31, 2023	$ 16,264
Accumulated amortization and impairment	
Balance at January 1, 2023	$ 10,122
Amortization expenses	5,721
Disposals	(2,399)
Balance at December 31, 2023	$ 13,444
Carrying amount at December 31, 2023	$ 2,820

(Continued)

	Software
Cost	
Balance at January 1, 2022	$ 18,294
Additions	198
Balance at December 31, 2022	$ 18,492
Accumulated amortization and impairment	
Balance at January 1, 2022	$ 4,019
Amortization expenses	6,103
Balance at December 31, 2022	$ 10,122
Carrying amount at December 31, 2022	$ 8,370

(Concluded)

Intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Software	3 years

	For the Year Ended December 31	
	2023	2022
An analysis of depreciation by function		
General and administrative expenses	$ 5,721	$ 6,103

17. OTHER ASSETS

	December 31	
	2023	2022
Current		
Prepayments for goods	$ 5,842	$ 17,855
Prepaid expense	3,257	1,963
	$ 9,099	$ 19,818
Non-current		
Refundable deposits	$ 1,976	$ 389

18. BORROWINGS

Short-term Borrowings

	December 31	
	2023	2022
Secured borrowings (Note 33)		
Letter of credit	$ 7,226	$ 25,677
Unsecured borrowings		
Letter of credit	14,407	11,167
	$ 21,633	$ 36,844

The range of weighted average effective interest rates on bank loans was 0.846%-1.350% per annum at December 31, 2023 and 2022, respectively.

19. NOTES PAYABLE AND TRADE PAYABLES

	December 31	
	2023	2022
Notes payable		
Operating	$ 162,271	$ 256,394
Trade payables		
Operating	$ 121,321	$ 95,223
Trade payables to related parties	$ 455	$ 8,224

The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

20. OTHER LIABILITIES

	December 31 2023	December 31 2022
Current		
Other payables		
Payables for salaries or bonuses	$ 31,527	$ 35,183
Payables for compensation of employees	32,183	19,196
Payables for business tax	9,872	13,517
Payables for remuneration of directors and supervisors	4,980	4,799
Payables for processing fees	3,829	3,738
Payables for service fees	3,666	5,852
Payables for insurance	3,019	2,981
Payables for purchases of building and equipment	994	1,761
Others	10,425	14,796
	$ 100,495	$ 101,823
Other liabilities		
Receipts under custody	$ 1,561	$ 1,183
Non-current		
Deposits received	$ 80	$ 90

21. PROVISIONS

	December 31 2023	December 31 2022
Current		
Onerous project contracts (a)	$ 1,275	$ 2,356
Warranties (b)	11,766	9,968
	$ 13,041	$ 12,324

	Onerous Project Contracts	Warranties	Total
Balance at January 1, 2023	$ 2,356	$ 9,968	$ 12,234
Amount used	-	(472)	(472)
Additional provisions recognized	-	4,349	4,349
Reversal of unused balance	(1,081)	(2,079)	(3,160)
Balance at December 31, 2023	$ 1,275	$ 11,766	$ 13,041
Balance at January 1, 2022	$ 2,695	$ 7,590	$ 10,285
Amount used	-	(753)	(753)
Additional provisions recognized	-	4,609	4,609
Reversal of unused balance	(339)	(1,478)	(1,817)
Balance at December 31, 2022	$ 2,356	$ 9,968	$ 12,324

a. The provision for onerous project contracts comes from the Company's non-cancellable project contracts, and the provision amounts are measured using the difference of the unavoidable costs of meeting the contractual obligations less the economic benefits expected to be received from the contracts.

b. The provision for warranty claims represents the present value of management's best estimate of the future outflow of economic benefits that will be required under the Company's obligations for warranties under contracts for the project. The estimate has been made on the basis of historical warranty trends.

22. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

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

b. Defined benefit plans

The defined benefit plans adopted by the Company in accordance with the Labor Standards Act are operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salary for 6 months before retirement. The Company contributes amounts equal to 3% 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. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); 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 are as follows:

	December 31	
	2023	**2022**
Present value of defined benefit obligation	$ 25,999	$ 25,704
Fair value of plan assets	(12,190)	(11,607)
Net defined benefit assets (classified under prepaid pension cost)	$ 13,809	$ 14,097

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2023	$ 25,704	$ (11,607)	$ 14,097
Service cost			
Current service cost	183	-	183
Net interest expense (income)	289	(131)	158
Recognized in profit or loss	472	(131)	341
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(118)	(118)
Actuarial gain			
Experience adjustments	(177)	-	(177)
Recognized in other comprehensive income	(177)	(118)	(295)
Contributions from the employer	-	(334)	(334)
Balance at December 31, 2023	$ 25,999	$ (12,190)	$ 13,809
Balance at January 1, 2022	$ 27,894	$ (10,627)	$ 17,267
Service cost			
Current service cost	325	-	325
Net interest expense (income)	174	(66)	108
Recognized in profit or loss	499	(66)	433
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(833)	(833)
Actuarial gain			
Changes in financial assumptions	(751)	-	(751)
Experience adjustments	(1,938)	-	(1,938)
Recognized in other comprehensive income	(2,689)	(833)	(3,522)
Contributions from the employer	-	(81)	(81)
Balance at December 31, 2022	$ 25,704	$ (11,607)	$ 14,097

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	For the Year Ended December 31	
	2023	2022
General and administrative expenses	$ 341	$ 433

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 or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets shall 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 plans' debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries 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 significant assumptions used for the purposes of the actuarial valuations are as follows:

	December 31	
	2023	**2022**
Discount rate	1.125%	1.125%
Expected rate of salary increase	2.000%	2.000%

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	
	2023	**2022**
Discount rate(s)		
0.25% increase	$ (329)	$ (364)
0.25% decrease	$ 336	$ 372
Expected rate(s) of salary increase		
0.25% increase	$ 328	$ 362
0.25% decrease	$ (322)	$ (356)

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

	December 31	
	2023	**2022**
Expected contributions to the plans for the next year	$ 15	$ 15
Average duration of the defined benefit obligation	5.1 years	5.7 years

23. EQUITY

a. Share capital

Ordinary share

	December 31	
	2023	2022
Number of shares authorized (in thousands of shares)	60,000	60,000
Shares authorized	$ 600,000	$ 600,000
Number of shares issued and fully paid (in thousands of shares)	34,800	30,800
Shares issued	$ 348,000	$ 308,000

On March 14, 2022, the Company's board of directors resolved to issue 2,800 thousand ordinary shares through share dividends of 28,000 thousand, and paid-in capital was increased to $308,000 thousand. The above transaction was approved by the FSC, and shareholders authorized the Company's board of directors to determine the subscription base date was on July 9, 2022.

On June 2, 2023, the Company's board of directors resolved to issue 4,000 thousand ordinary shares for public subscription and underwriting prior to the initial listing with a par value of NT$10, which were issued at price based on the auction and public subscription and underwriting. The chairman of the board was authorized to determine the subscription base date. And 10% of issued common shares (400 thousand in total) shall be retained by employees according to Article 267 of the Company Act. If employees subscribe for less than the allotted shares or waive their rights to subscribe, the chairman of the board is authorized to negotiate with a specific person to subscribe. On June 2, 2023, the shareholders' meeting resolved the remaining 90% of new shares (3,600 thousand in total) for public subscription and underwriting prior to the initial listing, within all the existing shareholders waiving their preemptive right authorizing the existing shareholders to subscribe for new shares in proportion to their original shareholding according to Article 267 of The Company Act. The above transaction was approved by the Taiwan Stock Exchange Corporation on September 22, 2023 and the subscription base date was November 17, 2023.

b. Capital surplus

	December 31	
	2023	2022
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)		
Issuance of ordinary shares	$ 321,103	$ 48,000
From business combinations	153	153
Options exercised	12,898	9,608
Options expired	1,303	229
May only be used to offset a deficit		
Imposition of disgorgement	16	16
	$ 335,473	$ 58,006

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

The shareholders of the Company held their regular meeting on May 30, 2022 and in that meeting, they resolved the amendments to the Company's Articles of Incorporation (the "Articles"). The amendments explicitly stipulate that the board of directors is authorized to adopt a special resolution to distribute dividends and bonuses in cash and a report of such distribution should be submitted at the shareholders' meeting.

Under the dividends policy as set forth in the Articles before the amendments, 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, 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 the distribution of dividends and bonuses to shareholders. For the policies on the distribution of compensation of employees and remuneration of directors and supervisors after the amendment, refer to compensation of employees and remuneration of directors and supervisors in Note 25-h.

The Company's Articles also stipulate that the Company's profit, capital structure, future development and other demands should be taken into account when the Company determines the policy about dividends distribution. The distribution of dividends shall not less than 5% of distributable retained earnings in each year until the accumulated distributable retained earnings less than 20% of the Company's paid-in capital. The principle of distributing dividends adopts a balanced dividend policy that combines share dividends with cash dividends. In order to follow the balanced policy about dividend distribution, cash dividends should not be less than 10% of the total dividends distributed.

If the Company makes 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 until the legal reserve equals the Company's paid-in capital, setting aside or reversing a special reserve, 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.

The appropriations of earnings for 2022 and 2021 were as follows:

	Appropriation of Earnings For the Year Ended December 31	
	2022	**2021**
Legal reserve	$ 24,479	$ 14,405
Special reserve	$ (1,380)	$ 408
Cash dividends	$ 92,400	$ 42,000
Share dividends	$ -	$ 28,000
Cash dividends per share (NT$)	$ 3.0	1.5
Share dividends per share (NT$)	$ -	1.0

The above appropriations for cash dividends for the fiscal year 2022 were resolved by the Company's board of directors on March 14, 2023; the other proposed appropriations were resolved by the shareholders in their meeting on June 2, 2023 and May 30, 2022, respectively.

The appropriation of earnings for 2023, which were proposed by the Company's board of directors on March 13, 2024, were as follows:

	For the Year Ended December 31, 2023
Legal reserve	$ 30,538
Special reserve	$ (2,949)
Cash dividends	$ 156,600
Share dividends	$ 34,800
Cash dividends per share (NT$)	$ 4.5
Share dividends per share (NT$)	$ 1.0

The above appropriation for cash dividends has been resolved by the Company's board of directors; the other proposed appropriations will be resolved by the shareholders in their meeting to be held on June 7, 2024.

d. Special reserve

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ 19,418	$ 19,010
(Reversals)/appropriations	(1,380)	408
Balance at December 31	$ 18,038	$ 19,418

e. Other equity items

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

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ (18,039)	$ (19,419)
Recognized for the year		
Exchange differences on the translation of the financial statements of foreign operations		
Income tax	(3,685)	1,725
Other comprehensive income (loss) recognized for the year	737	(345)
Balance at December 31	$ (20,987)	$ (18,039)

24. REVENUE

	For the Year Ended December 31	
	2023	2022
Revenue from contracts with customers		
Revenue from the sale of goods	$ 43,063	$ 70,307
Construction revenue	1,521,297	1,489,768
Revenue from repair and maintenance services	226,512	240,283
	$ 1,790,872	$ 1,800,358

Contract Balances

	December 31, 2023	December 31, 2022	January 1, 2022
Notes and trade receivable (including related parties) (Notes 10 and 32)	$ 334,750	$ 349,697	$ 308,686
Contract assets - current			
Construction contract	$ 165,929	$ 143,134	$ 129,591
Repair and maintenance services	46,879	35,903	17,755
Retentions receivable	52,742	39,096	2,729
Less: Allowance for impairment loss	-	-	(325)
	$ 265,550	$ 218,133	$ 149,750
Contract liabilities - current			
Sale of goods	$ -	$ 1,938	$ -
Construction contract	475,929	506,747	212,924
Repair and maintenance services	120,489	93,201	123,222
Other	340	-	-
	$ 596,758	$ 601,886	$ 336,146

The changes in the balance of contract assets and contract liabilities primarily result from the measurement of the degree of completion.

The Company measures the loss allowance for contract assets at an amount equal to lifetime ECLs. The contract assets will be transferred to trade receivables when the corresponding invoice is billed to the client, and the contract assets have substantially the same risk characteristics as the trade receivables for the same types of contracts. Therefore, the Company concluded that the expected loss rates for trade receivables can be applied to the contract assets. The movements of the loss allowance of contract assets were as follows:

	2022
Balance at January 1, 2022	$ 325
Less: Net remeasurement of loss allowance	(325)
Balance at December 31, 2022	$ -

Revenue in the current year that was recognized from the contract liability balance at the beginning of the year and from the performance obligations satisfied in the previous periods was summarized as follows:

	For the Year Ended December 31	
	2023	2022
From contract liabilities at the start of the year		
Sale of goods	$ 1,938	$ -
Construction contract	343,315	145,805
Repair and maintenance services	60,611	101,038
	$ 405,864	$ 246,843

25. NET PROFIT FROM CONTINUING OPERATIONS

a. Interest income

	For the Year Ended December 31	
	2023	2022
Bank deposits	$ 12,869	$ 3,058
Financial assets at FVTPL	28	24
	$ 12,897	$ 3,082

b. Other income

	For the Year Ended December 31	
	2023	2022
Rental income		
Investment properties	$ 658	$ 435
Dividends	76	27
Others	430	391
	$ 1,164	$ 853

c. Other gains and (losses)

	For the Year Ended December 31	
	2023	2022
Fair value changes of financial assets designated as at FVTPL	$ 1,789	$ 185
Net foreign exchange gains	18,559	43,459
Gain on disposal of property, plant and equipment	48	-
	$ 20,396	$ 43,644

d. Finance costs

	For the Year Ended December 31	
	2023	2022
Interest on bank loans	$ (112)	$ (66)

e. Depreciation and amortization

	For the Year Ended December 31	
	2023	2022
An analysis of depreciation by function		
Operating costs	$ 12,775	$ 13,483
Operating expenses	4,329	4,525
	$ 17,104	$ 18,008
An analysis of amortization by function		
General and administrative expenses	$ 5,697	$ 6,103
Research and development expenses	24	-
	$ 5,721	$ 6,103

f. Operating expenses directly related to investment properties

	For the Year Ended December 31	
	2023	2022
Direct operating expenses of investment properties generating rental income	$ 147	$ 137

g. Employee benefits expense

	For the Year Ended December 31	
	2023	2022
Short-term benefits	$ 171,149	$ 175,238
Share-based payments (Note 28)	4,364	-
Post-employment benefits		
Defined contribution plan	5,789	5,393
Defined benefit plans (Note 22)	341	433
Other employee benefits	8,446	8,502
Total employee benefits expense	$ 190,089	$ 189,566
An analysis of employee benefits expense by function		
Operating costs	$ 103,786	$ 109,050
Operating expenses	86,303	80,516
	$ 190,089	$ 189,566

h. Compensation of employees and remuneration of directors

According to the Company's Articles, the Company accrues compensation of employees and remuneration of directors and supervisors at rates of no less than 1% and no higher than 3%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors and supervisors. The compensation of employees and the remuneration of directors and supervisors for the years ended December 31, 2023 and 2022, which were approved by the Company's board of directors on March 13, 2024 and March 14, 2023, respectively, are as follows:

Accrual rate

	For the Year Ended December 31	
	2023	**2022**
Compensation of employees	6.0%	6.0%
Remuneration of directors	1.2%	1.5%

Amount

	For the Year Ended December 31	
	2023	**2022**
	Cash	**Cash**
Compensation of employees	$ 24,899	$ 19,196
Remuneration of directors	4,980	4,799

If there is a change in the amounts after the annual financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There is no difference between the actual amounts of compensation of employees and remuneration of directors and supervisors and the amounts recognized in the financial statements for the years ended December 31, 2022 and 2021.

Information on the compensation of employees and remuneration of directors and supervisors resolved by the Company's board of directors for 2023 and 2022 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

i. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2023	**2022**
Foreign exchange gains	$ 24,153	$ 48,506
Foreign exchange losses	(5,594)	(5,047)
	$ 18,559	$ 43,459

26. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Year Ended December 31	
	2023	2022
Current tax		
In respect of the current year	$ 66,734	$ 51,127
Income tax on unappropriated earnings	4,796	2,062
Adjustments for prior year	(1,647)	(6,172)
	69,883	47,017
Deferred tax		
In respect of the current year	10,078	6,945
Income tax expense recognized in profit or loss	$ 79,961	$ 53,962

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

	For the Year Ended December 31	
	2023	2022
Profit before tax from continuing operations	$ 385,106	$ 295,931
Income tax expense calculated at the statutory rate	$ 77,021	$ 59,186
Tax-exempt income	(211)	(5)
Nondeductible expenses in determining taxable income	2	145
Income tax on unappropriated earnings	4,796	2,062
Other permanent book-tax differences	-	(1,254)
Adjustments for prior years' tax	(1,647)	(6,172)
Income tax expense recognized in profit	$ 79,961	$ 53,962

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2023	2022
Deferred tax		
In respect of the current year		
Remeasurement of defined benefit plans	$ 59	$ 704
Translation of foreign operations	(737)	345
Total income tax recognized in other comprehensive income	$ (678)	$ 1,049

c. Current tax assets and liabilities

	December 31	
	2023	2022
Current tax liabilities		
Income tax payable	$ 44,683	$ 32,093

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, 2023

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred tax assets				
Temporary differences				
Defined benefit obligation	$ 3,570	$ 1	$ -	$ 3,571
Exchange differences on translating the financial statements of foreign operations	2,785	-	737	3,522
Unrealized loss on inventories	1,145	533	-	1,678
Unrealized loss on construction contract	471	(216)	-	255
Provisions for warranty	1,993	360	-	2,353
Unrealized foreign exchange losses	216	(216)	-	-
Allowance for impairment loss	207	-	-	207
Others	68	(68)	-	-
	$ 10,455	$ 394	$ 737	$ 11,586
Deferred tax liabilities				
Temporary differences				
Share of profit of subsidiaries for using the equity method	$ 16,869	$ 10,148	$ -	$ 27,017
Unrealized foreign exchange gains	-	324	-	324
Remeasurement of defined benefit plans	749	-	59	808
	$ 17,618	$ 10,472	$ 59	$ 28,149

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre-hensive Income	Closing Balance
Deferred tax assets				
Temporary differences				
Defined benefit obligation	$ 3,499	$ 71	$ -	$ 3,570
Exchange differences on translating the financial statements of foreign operations	3,130	-	(345)	2,785
Unrealized loss on inventories	1,554	(409)	-	1,145
Unrealized loss on construction contract	539	(68)	-	471
Provisions for warranty	1,518	475	-	1,993
Unrealized foreign exchange losses	1,422	(1,206)	-	216
Allowance for impairment loss	253	(46)	-	207
Others	135	(67)	-	68
	$ 12,050	$ (1,250)	$ (345)	$ 10,445
Deferred tax liabilities				
Temporary differences				
Share of profit of subsidiaries for using the equity method	$ 11,174	$ 5,695	$ -	$ 16,869
Remeasurement of defined benefit plans	45	-	704	749
	$ 11,219	$ 5,695	$ 704	$ 17,618

e. Deductible temporary differences for which no deferred tax assets have been recognized in the balance sheets:

	December 31	
	2023	2022
Deductible temporary differences	$ 8,891	$ 8,891

f. Income tax assessments

The income tax returns through 2021 have been assessed by the tax authorities. The Company has no pending tax litigation as of December 31, 2023.

27. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2023	**2022**
Basic earnings per share		
From continuing operations	$ 9.75	$ 7.90
Diluted earnings per share		
From continuing operations	$ 9.67	$ 7.82

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

Net Profit for the Year

	For the Year Ended December 31	
	2023	**2022**
Profit for the year attributable to owners of the Company (used in the computation of basic earnings per share)	$ 305,145	$ 241,969

The net profit of the Company used in computation of basic earnings per share for fiscal year 2023 and 2022 is the same as the net profit used in computation of diluted earnings per share for fiscal year 2023 and 2022.

Number of Shares

Unit: In Thousands of Shares

	For the Year Ended December 31	
	2023	**2022**
Weighted average number of ordinary shares used in the computation of basic earnings per share	31,293	30,634
Effect of potentially dilutive ordinary shares		
Compensation of employees	262	327
Weighted average number of ordinary shares used in the computation of diluted earnings per share	31,555	30,961

The Company may settle the compensation of employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation will 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, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

28. SHARE-BASED PAYMENT ARRANGEMENTS

New shares reserved for subscription by employees of the Company

Due to issuing new shares for cash in November 2023 and December 2022, the Company reserved 400 thousand and 120 thousand new shares, respectively, for subscription by employees of the company. Related information was as follows:

	For the Year Ended December 31			
	2023		2022	
	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	-	$ -	120	$ 50
Options granted	400	68	-	-
Options exercised	(302)	68	(88)	50
Options expired	(98)	68	(32)	50
Balance at December 31	-		-	-
Options exercisable, end of the year	-		-	-
Weighted-average fair value of options granted ($)	$ 10.91		$ -	

Options granted in November 2023 and December 2021 are priced using the Black-Scholes pricing model, and the inputs to the model are as follows:

	November 2023	December 2021
Grant-date share price	$78.9	$56.49
Exercise price	$68	$50
Expected volatility	15.26%	31.33%
Expected life (in years)	0.011	0.17
Risk-free interest rate	0.8629%	0.2147%

Compensation costs recognized were $4,364 thousand for the years ended December 31, 2023.

29. CASH FLOW INFORMATION

Non-cash Transactions

In addition to those disclosed in other notes, the Company entered into the following non-cash investing and financing activities for the years ended December 31, 2023 and 2022:

a. The Company acquired property, plant and equipment with outstanding payments of $994 thousand and $1,761 thousand as of December 31, 2023 and 2022, respectively. The outstanding payments were presented as other payables.

b. In 2022, the Company reclassified prepayments for equipment to property, plant and equipment with $10,428 thousand.

30. CAPITAL MANAGEMENT

The Company manages its capital to ensure the Company will be able to continue as going concerns while maximizing the return to stakeholders 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, reserves, 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 on a periodic basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Company may adjust the amount of dividends paid to shareholders, the number of new shares issued and/or existing debt redeemed.

31. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

The Company's management believes that the carrying amount of financial assets and financial liabilities without measuring at fair value are close to the fair value.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	$ 220.629	$ -	$ -	$ 220.629
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic unlisted shares	$ -	$ -	$ 423	$ 423

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	$ 70,840	$ -	$ -	$ 70,840
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic unlisted shares	$ -	$ -	$ 423	$ 423

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

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

For the year ended December 31, 2023

	Financial Assets at FVTOCI
Balance at January 1, 2023	$ 423
Balance at December 31, 2023	$ 423

For the year ended December 31, 2022

	Financial Assets at FVTOCI
Balance at January 1, 2022	$ 423
Balance at December 31, 2022	$ 423

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

The fair values of domestic unlisted ordinary shares were determined using the comparable company analysis approach.

The comparable company analysis approach is a way to determine the value of a target company by reference to companies engaged in the similar industry, stock price in the active market and value multiplier implied by such prices, based on liquidity reduction.

c. Categories of financial instruments

	December 31	
	2023	2022
Financial assets		
FVTPL		
Mandatorily classified as at FVTPL	$ 220,629	$ 70,840
Financial assets at amortized cost (1)	1,295,020	959,094
Financial assets at FVTOCI		
Equity instruments - non-current	423	423
Financial liabilities		
Amortized cost (2)	324,674	422,912

1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, financial assets at amortized cost - current, notes receivable, trade receivables (including related parties), other receivables (including related parties), other current financial assets - current, financial assets at amortized cost - non-current and refundable deposits.

2) The balances include financial liabilities at amortized cost, which comprise short-term borrowing, notes payable, trade payables (including related parties), other payables (excluding payables for salaries or bonuses, payables for remuneration of directors and supervisors, payables for compensation of employees, payables for business tax and payables for insurance) and guarantee deposits received (represented as other non-current liabilities).

d. Financial risk management objectives and policies

The Company's major financial instruments include trade receivables, trade payables, and borrowings. The Company's corporate treasury function provides services to the business, coordinates access to domestic financial markets, and monitors and manages the financial risks relating to the operations of the Company through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The corporate treasury function reports periodically to the Company's risk management committee, an independent body that monitors risks and policies implemented to mitigate risk exposures.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below), interest rates (see (b) below) and other price (see (c) below).

There has been no change to the Company's exposure to market risks or the manner in which these risks are managed and measured.

a) Foreign currency risk

The Company has foreign currency denominated sales and purchases, which expose the Company to foreign currency risk.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the year are set out in Note 35.

Sensitivity analysis

The Company is mainly exposed to US dollars, CNY and JPY.

The following table details the Company's sensitivity to a 1% increase and decrease in the New Taiwan dollar (i.e., the functional currency) against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 1%. The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the year for a 1% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit associated with the New Taiwan dollar weakening 1% against the relevant currency. For a 1% strengthening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit and the balances below would be negative.

	U.S. Dollars Impact		**CNY Impact**		**JPY Impact**	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
Profit or loss	$ 1,868	$ 2,946	$ 560	$ 586	$ 183	$ (436)

The result was mainly attributable to the exposure on outstanding bank accounts, trade receivables, and trade payables denominated in US dollars; bank accounts, trade receivables, and trade payables denominated in CNY; short-term borrowings denominated in JPY.

The Company's sensitivity to US dollars decreased during the current year mainly due to the decrease in US dollars denominated bank accounts. The Company's sensitivity to CNY decreased during the current year mainly due to the decrease in CNY denominated bank accounts. The Company's sensitivity to JPY decreased during the current year mainly due to the increase in JPY denominated bank accounts.

b) Interest rate risk

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

	December 31	
	2023	**2022**
Fair value interest rate risk		
Financial assets	$ 715,660	$ 354,578
Cash flow interest rate risk		
Financial assets	239,065	252,062
Financial liabilities	21,633	36,844

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates for both derivative and non-derivative instruments at the end of the year. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the year was outstanding for the whole year. 100 basis point (1%) 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 100 basis points higher/lower and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2023 and 2022 would have increased/decreased by $2,174 thousand and $2,152 thousand, respectively, which was mainly a result of variable-rate bank accounts and variable-rate borrowings.

For 2023, there are no significant differences in the Company's sensitivity to interest rate.

c) Other price risk

The Company was exposed to equity price risk through its investments in equity securities.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the year.

If equity prices had been 1% higher/lower, pre-tax profit for the years ended December 31, 2023 and 2022 would have increased/decreased by $2,206 thousand and $708 thousand, respectively.

The Company's sensitivity to equity prices increased during the current year mainly due to increase in financial assets at fair value through profit or loss.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. At the end of the year, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to the failure of the counterparty to discharge its obligation, could be equal to the total of the carrying amount of the respective recognized financial assets as stated in the balance sheets.

The Company's policy is only transact with reputable client. The Company shall obtain sufficient collateral where necessary to mitigate the risk of financial loss arising from defaults.

The Company's concentration of credit risk of 58% and 26% of total amounts of trade receivables and contract assets as of December 31, 2023 and 2022, respectively, was attributable to the Company's three largest clients. Apart from the clients mentioned above, the Company did not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2023 and 2022, the Company had available unutilized short-term bank loan facilities set out in (b) below.

a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the Company's remaining contractual maturities for its non-derivative financial liabilities with agreed-upon repayment periods. The table has 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 table includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed-upon repayment dates.

December 31, 2023

	On Demand or Less than 3 Months	**3 Months to 1 Year**	**1-5 Years**	**5+ Years**
Non-derivative financial liabilities				
Non-interest bearing	$ 299,384	$ 3,658	$ -	$ -
Variable interest rate liabilities	-	21,633	-	-
	$ 299,384	$ 25,291	$ -	$ -

December 31, 2022

	On Demand or Less than 3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities				
Non-interest bearing	$ 386,068	$ -	$ -	$ -
Variable interest rate liabilities	36,844	-	-	-
	$ 422,912	$ -	$ -	$ -

b) Financing facilities

	December 31 2023	December 31 2022
Secured bank borrowing facilities:		
Amount used	$ 9,046	$ 34,925
Amount unused	510,954	485,075
	$ 520,000	$ 520,000
Unsecured bank borrowing facilities:		
Amount used	$ 35,307	$ 49,412
Amount unused	69,693	55,588
	$ 105,000	$ 105,000

32. TRANSACTIONS WITH RELATED PARTIES

Besides information disclosed elsewhere in the other notes, details of transactions between the Company and other related parties are disclosed as follows:

a. Related party name and category

Related Party Name	Related Party Category
GST Corporation	Subsidiary
Desiccant Technology (Shanghai) Corporation	Subsidiary
Chen, Hsin-Huan	Key management personnel
Cheng, Ruei-De	Related party in substance (chairman's first degree of kinship)

b. Revenue

Line Item	Related Party Category	For the Year Ended December 31 2023	For the Year Ended December 31 2022
Sales	Subsidiaries	$ 11,495	$ 36,004

The Company’s sales prices and collection terms for related and unrelated parties were individually specified according to the contract.

c. Purchases

Related Party Category	For the Year Ended December 31 2023	2022
Subsidiaries	$ 553	$ 10,566

Purchases from related parties were made individually according to the contract with payment terms 90 days at the end of the month. Purchases and payment terms to unrelated parties were individually specified according to the contract.

d. Receivables from related parties (excluding loans to related parties and contact assets)

Line Item	Related Party Category	December 31 2023	2022
Trade receivable	Subsidiaries	$ -	$ 10,479

The outstanding trade receivables from related parties are unsecured.

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

Line Item	Related Party Category	December 31 2023	2022
Trade payables	Subsidiaries	$ 455	$ 8,224

The outstanding trade payables to related parties are unsecured.

f. Refundable deposits

Related Party Category	December 31 2023	2022
Related party in substance		
Cheng, Ruei-De	$ 42	$ 42

g. Other transactions with related parties

1) Manufacturing expenses

Related Party Category	For the Year Ended December 31 2023	2022
Subsidiaries	$ -	$ 588

2) Research and development expenses

Related Party Category	For the Year Ended December 31 2023	2022
Subsidiaries	$ -	$ 67

3) Lease expenses

Related Party Category	For the Year Ended December 31 2023	2022
Related party in substance	$ 286	$ 286

The Company leased right-of-use of its office from its related party in substance. The rental is based on similar assets' market rental rates and payments are made monthly.

4) Other income

Related Party Category/Name	For the Year Ended December 31 2023	2022
Subsidiaries		
GST Corporation	$ 300	$ 300

The other income came from management services. The price and collection term are specified according to the contract.

5) Lease income

Related Party Category/Name	For the Year Ended December 31 2023	2022
Key management personnel	$ -	$ 29

For fiscal years of 2023 and 2022, the rental is agreed upon both parties and the payments are received monthly.

h. Remuneration of key management personnel

	For the Year Ended December 31 2023	2022
Short-term employee benefits	$ 23,285	$ 19,108
Post-employment benefits	237	237
	$ 23,522	$ 19,345

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

33. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings and letter of guarantee:

	December 31	
	2023	2022
Land	$ 95,883	$ 95,883
Buildings, net	142,026	145,927
Pledged deposits (classified as financial assets at amortized cost - current)	1,819	1,800
	$ 239,928	$ 243,610

34. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant Unrecognized Commitments

a. As of December 31, 2023 and 2022, the Company had issued $23,406 thousand and $21,003 thousand of guaranteed notes, respectively, to support construction arrangements.

b. As of December 31, 2023 and 2022, the Company had issued $22,720 thousand and $47,493 thousand of performance security deposits, respectively, to support construction arrangements.

d. As of December 31, 2023 and 2022, unused letters of credit for purchases of raw materials amounted to approximately JPY48,366 thousand and JPY48,572 thousand, respectively.

e. As of December 31, 2023 and 2022, unrecognized commitments were as follows:

	December 31	
	2023	2022
Construction outsourcing	$ 415,780	$ 324,516

35. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Company and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

December 31, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 6,458	30.71 (USD:NTD)	$ 198,325
RMB	13,405	4.335 (RMB:NTD)	58,111
JPY	183,866	0.2172 (JPY:NTD)	39,936

(Continued)

	Foreign Currency	Exchange Rate	Carrying Amount
Non-monetary items			
Investments accounted for using the equity method			
USD	$ 6,576	30.71 (USD:NTD)	$ 201,915
Financial liabilities			
Monetary items			
USD	374	30.71 (USD:NTD)	11,481
RMB	485	4.335 (RMB:NTD)	2,104
JPY	99,678	0.2172 (JPY:NTD)	21,650

(Concluded)

December 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 9,685	30.71 (USD:NTD)	$ 295,415
RMB	15,153	4.409 (RMB:NTD)	66,815
JPY	763	0.2324 (JPY:NTD)	177
Non-monetary items			
Investments accounted for using the equity method			
USD	5,043	30.71 (USD:NTD)	154,862
Financial liabilities			
Monetary items			
USD	25	30.71 (USD:NTD)	779
RMB	1,866	4.409 (RMB:NTD)	8,227
JPY	188,435	0.2324 (JPY:NTD)	43,792

For the years ended December 31, 2023 and 2022, realized and unrealized net foreign exchange gains (losses) were $18,559 thousand and $43,459 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities in the Company.

36. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions:

1) Financing provided to others (None)

2) Endorsements/guarantees provided (Table 1)

3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 2)

4) Marketable securities acquired or disposed of at costs or prices of 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 (None)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital (None)

9) Trading in derivative instruments (None)

10) Intercompany relationships and significant intercompany transactions (None)

b. Information on investees (Table 3)

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 year, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 4)

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 (None):

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

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

c) The amount of property transactions and the amount of the resultant gains or losses (None).

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

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

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

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 5)

DESICCANT TECHNOLOGY CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 3)	Maximum Amount Endorsed/ Guaranteed During the Period (Note 5)	Outstanding Endorsement/ Guarantee at the End of the Period (Note 5)	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 3)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship (Note 2)										
0	Desiccant Technology Corporation (Note 7)	Desiccant Technology (Shanghai) Corporation	b.	$ 280,879	$ 43,352 (RMB 10,000)	$ -	$ -	$ -	-	$ 727,198	Y	N	Y
1	Hongmao International Trade (Shanghai) Co., Ltd. (Note 7)	Desiccant Technology (Shanghai) Corporation	d.	86,704 (RMB 20,000) (Note 5)	86,704 (RMB 20,000)	-	-	-	-	86,704 (RMB 20,000) (Note 5)	N	N	Y

Note 1: The numbers are filled as described below:

a. For the issuer, fill in “0”.
b. Investees are numbered sequentially starting from 1 according to the company type.

Note 2: The relationships between endorsers and guarantors and endorsees and guarantees are categorized into the following seven types. Please specify the type:

a. Companies with which the Company conducts business.
b. A company in which the Company directly and indirectly holds more than 50% of the voting shares.
c. A company that directly and indirectly holds more than 50% of the Company’s voting shares.
d. Between companies in which the Company directly and indirectly holds more than 90% of the voting shares.
e. A mutual insurance company in accordance with the contract requirements of the trade or joint contractors based on the needs of the contract work.
f. Shareholders making endorsements and guarantees for their mutually invested company in proportion to their shareholding ratio.
g. Joint and several securities between companies in the same industry for performance guarantees of pre-construction homes under the Consumer Protection Act.

Note 3: The regulations for the endorsements and guarantees provided by the management of the Company are as follows:

a. The aggregate amount of endorsement and guarantee for external entities shall not exceed 50% of the Company’s audited or reviewed net worth.

b. The maximum endorsement and guarantee for a single entity shall not exceed 20% of the Company’s audited or reviewed net worth.

c. The maximum endorsement and guarantee for a single entity from the investee, owned by the Company over 50%, shall follow the regulations mentioned above; for construction contract requirements, the endorsement and guarantee for peers shall not exceed 500% of the Company’s net worth.

d. The aggregate amount of endorsement and guarantee the provided by the Company and subsidiaries and the maximum amount of aggregate endorsement and guarantee provided by the Company and subsidiaries to a single entity shall follow the regulation mentioned above.

e. The amount of endorsement and guarantee between the subsidiaries, directly and indirectly 100% owned by the Company, shall be resolved by the Company’s board of directors.

Note 4: The related maximum and outstanding amounts in the table are represented in New Taiwan dollars. For foreign currency transaction, the amounts are exchanged with 30.71 NTD to 1 USD and 4.33521 NTD to 1 RMB as of financial statements date.

Note 5: The amount of endorsement and guarantee between the subsidiaries, directly and indirectly 100% owned by the Company, had been resolved by the Company’s board of directors.

Note 6: For Desiccant Technology (Shanghai) Corporation, the endorsement and guarantee are provided for requirements of bank guarantee and borrowings.

DESICCANT TECHNOLOGY CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollar, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Desiccant Technology Corporation	Domestic mutual funds							
	FSITC Taiwan Money Market	-	Financial assets at fair value through profit or loss - current	3,113,720	$ 49,004	-	$ 49,004	-
	FSITC Money Market	-	Financial assets at fair value through profit or loss - current	56,018	10,261	-	10,261	-
	TCB Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	11,652,564	121,352	-	121,352	-
	Capital Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,206,113	20,006	-	20,006	-
	Yuanta De-Li Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,193,261	20,006	-	20,006	-
					$ 220,629		$ 220,629	
GST Corporation	Domestic mutual funds							
	TCB Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	199,585	$ 2,078	-	$ 2,078	-
	Eastspring Investments Well Pool Money Market Fund	-	Financial assets at fair value through profit or loss - current	60,859	850	-	850	-
	Yuanta De-Li Money Market Fund	-	Financial assets at fair value through profit or loss - current	30,521	512	-	512	-
					$ 3,440		$ 3,440	
Desiccant Technology Corporation	Unlisted shares							
	Hsin Maut Corporation	-	Financial assets at fair value through other comprehensive income - non-current	40,000	$ 423	8	$ 423	-

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities as promulgated in IFRS 9 “Financial Instruments”.

Note 2: For information on investments in subsidiaries, associates, and joint ventures, refer to Table 3 and 4.

TABLE 3

DESICCANT TECHNOLOGY CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2023	December 31, 2022	Number of Shares	%	Carrying Amount			
Desiccant Technology Corporation	GST Corporation	Zhongli District, Taoyuan City	Manufacture of industrial dehumidification equipment, drying equipment and pollution control equipment for industrial purposes	$ 6,000	$ 6,000	400,000	100.00	$ 5,299	$ (732)	$ (732)	Subsidiary (Note 1)
	XYRA Research Corp.	BVI	Investment	22,870 (US$ 676)	22,870 (US$ 676)	676,000	100.00	49,387	9,710	9,710	Subsidiary (Note 1)
	Desiccant Technology Corp.	Samoa	Investment	60,136 (US$ 2,000)	60,136 (US$ 2,000)	2,000,000	80.78	152,528	50,790	41,029	Subsidiary (Note 1)
XYRA Research Corp.	KELT Research Corp.	BVI	Investment	6,766 (US$ 200)	6,766 (US$ 200)	200,000	100.00	13,076	(52)	(52)	Sub-subsidiary (Note 1)
	Desiccant Technology Corp.	Samoa	Investment	16,104 (US$ 476)	16,104 (US$ 476)	476,000	19.22	36,291	50,790	9,761	Subsidiary (Note 1)

Note 1: The profit and loss of investees and investment income or loss are recognized based on the financial statements of the investees for the same period reviewed by the parent company’s CPA.

Note 2: For information on investments in mainland China, please refer to Table 4.

DESICCANT TECHNOLOGY CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2(2)B.)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023
					Outward	Inward						
Desiccant Technology (Shanghai) Corporation	Production and sale of various types of air purification equipment, air processing equipment, equipment for plastic processing, energy-saving equipment, and their components.	$ 74,444 (US$ 2,476)	(2) (Note 3)	$ 74,444 (US$ 2,476)	$ -	$ -	$ 74,444 (US$ 2,476)	$ 50,774	100.00	$ 50,774	$ 187,645	$ 42,060 (RMB 10,000)
Hongmao International Trade (Shanghai) Co., Ltd	International trade, re-export trade, and transactions with enterprises in bonded area.	6,766 (US$ 200)	(2) (Note 4)	6,766 (US$ 200)	-	-	6,766 (US$ 200)	(52)	100.00	(52)	13,069	

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2023	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
$ 81,120 (US$ 2,676)	$ 81,120 (US$ 2,676)	$ 872,636

Note 1: Methods of investment are classified as below:

a. Direct investment in mainland China.
b. Investments through a holding company registered in a third region.
c. Other.

(Continued)

Note 2: The amounts of investment gain (loss):

a. Direct investment.

b. The basis for recognition of investment income (loss) is based on the following:

1) Based on financial statements audited by a ROC CPA firm cooperating with an international CPA firm.
2) Based on financial statements audited by the auditor of the parent company.
3) Other.

Note 3: Invested by Desiccant Technology Corporation through Desiccant Technology Corp.

Note 4: Indirect investment in mainland China is invested by KELT Research Corp. which is invested by a third region registered company, XYRA Research Corp. which is invested by Desiccant Technology Corporation.

(Concluded)

TABLE 5

DESICCANT TECHNOLOGY CORPORATION

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2023

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership
Everest Investment Co., Ltd.	4,110,260	11.81%
SHEN-HUA Investment Co., Ltd.	2,054,437	5.90%
Jian, Han-Jhang	1,949,195	5.60%
Chen, Hsin-Huan	1,864,682	5.35%
Cheng, Shih-Chih	1,816,748	5.22%

DESICCANT TECHNOLOGY CORPORATION

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

DESICCANT TECHNOLOGY CORPORATION

STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Description	Amount
Cash		
Petty cash	Including US$30 thousand and SGD30 thousand.	$ 1,769
Cash in hand		602
Cash in banks		
Demand deposits		170,731
Foreign currency deposits	Including US$406 thousand, RMB3,680 thousand and JPY183,808 thousand.	68,334
Cash equivalents		
Time deposits	Including US$6,008 thousand, RMB9,704 thousand and JPY487,300 thousand.	713,841
		$ 955,277

Note: US$1=NT$30.705, RMB1=NT$4.3355, JPY1=NT$0.2172, SGD1=NT$23,29.

DESICCANT TECHNOLOGY CORPORATION

STATEMENT OF FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

				Fair Value	
Type	**Description**	**Shares**	**Carrying Amount**	**Price Per Share**	**Amount**
Domestic mutual funds	FSITC Taiwan Money Market	3,113,720	$ 49,004	$ 15.7385	$ 49,004
	FSITC Money Market	56,018	10,261	183.1680	10,261
	TCB Taiwan Money Market Fund	11,652,564	121,352	10.4142	121,352
	Capital Money Market Fund	1,206,113	20,006	16.5869	20,006
	Yuanta De-Li Money Market Fund	1,193,261	20,006	16.7655	20,006
			$ 220,629		$ 220,629

DESICCANT TECHNOLOGY CORPORATION

STATEMENT OF CONTRACT ASSETS
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Description	Amount
Contract assets - current		
Company A	Construction projects	$ 131,164
Company B	〃	25,078
Company C	〃	34,842
Others (Note)	〃	74,466
Less: Allowance for impairment loss		-
		$ 265,550

Note: The amount of individual client included in others does not exceed 5% of the account balance.

DESICCANT TECHNOLOGY CORPORATION

STATEMENT OF NOTES AND TRADE RECEIVABLES
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Client Name	Description	Amount
Notes receivable		
Company G	Construction projects	$ 5,670
Company H	〃	1,110
Company I	〃	468
Others (Note)	〃	319
		$ 7,567
Trade receivables from non-related parties		
Company A	Construction projects	$ 118,499
Company C	〃	32,019
Company D	〃	26,786
Company E	〃	20,201
Company F	〃	19,168
Others (Note)	〃	110,511
Less: Allowance for doubtful accounts		(1)
		$ 327,183

Note: The amount of individual client included in others does not exceed 5% of the account balance.

DESICCANT TECHNOLOGY CORPORATION

STATEMENT OF INVENTORIES
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Amount	Net Realizable Value	Note
Finished goods	$ 12,364	$ 12,043	Note
Work in progress	58,103	57,829	Note
Raw materials	102,630	94,833	Note
	173,097	$ 164,705	
Less: Allowance for write-down of inventory	(8,392)		
	$ 164,705		

Note: Allowance for write-down of inventory is recognized according to the estimated price less all estimated costs of completion and costs necessary to make the sale.

DESICCANT TECHNOLOGY CORPORATION

STATEMENT OF PREPAYMENTS
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Description	Amount
Prepayments		
Prepayments for goods	Prepayments for goods	$ 5,842
Prepaid expense	Prepaid insurance	823
Prepaid expense	Others (Note)	2,434
		$ 9,099

Note: The amount of individual item included in others does not exceed 5% of the account balance.

DESICCANT TECHNOLOGY CORPORATION

STATEMENT OF CHANGES IN FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Name of Securities	Balance, January 1, 2023		Additions		Deductions		Balance, December 31, 2023		Collateral
	Shares	Fair Value	Shares	Amount	Shares	Amount	Shares	Fair Value	
Hsin Maut Corporation	40,000	$ 423	-	$ -	-	$ -	40,000	$ 423	None

DESICCANT TECHNOLOGY CORPORATION

STATEMENT OF INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

	Balance, January 1, 2023		Additions		Deductions		Balance, December 31, 2023			Market value or Book Value (Note 1)		
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Proportion	Amount	Price Per Share	Amount	Collateral
Using equity method												
GST Corporation (Note 2)	400,000	$ 6,031	-	$ -	-	$ 732	400,000	100%	$ 5,299	13.25	$ 5,299	-
XYRA Research Corp. (Note 3)	676,000	40,565	-	8,822	-	-	676,000	100%	49,387	73.06	49,387	-
Desiccant Technology Corp. (Note 4)	2,000,000	114,296	-	38,232	-	-	2,000,000	80.78%	152,528	76.26	152,528	-
		$ 160,892		$ 47,054		$ 732			$ 207,214		$ 207,214	

Note 1: The amounts were based on the financial statements of the investees for the same period audited by CPA.

Note 2: The deceased amount was recognized from the share of losses of subsidiary for $732 thousand.

Note 3: The increased amount was recognized from the share of profit of subsidiary and accumulated exchange differences on translation of the financial statements for $9,710 thousand and $888 thousand, respectively.

Note 4: The increased amount was recognized from the share of profit of subsidiary and accumulated exchange differences on translation of the financial statements for $41,029 thousand and $2,797 thousand, respectively.

DESICCANT TECHNOLOGY CORPORATION

STATEMENT OF SHORT-TERM BORROWINGS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Type	Creditor	Amount	Period	Interest Rates	Loan Commitment	Collateral
Secured loan	Chang Hwa Commercial Bank, Ltd.	$ 7,226	2023.09.11-2024.08.31	1.350%	$ 70,000	Note
Credit loan	Mega International Commercial Bank Co., Ltd.	9,780	2023.08.28-2024.08.27	0.846%	80,000	-
Credit loan	CTBC Bank Co., Ltd.	4,627	2023.06.30-2024.06.30	1.321%	25,000	-
		$ 21,633			$ 175,000	

Note: Property, plant and equipment used by the Company and pledged as collateral for bank borrowings.

DESICCANT TECHNOLOGY CORPORATION

STATEMENT OF CONTRACT LIABILITIES
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Client Name	Description	Amount
Company A	Construction projects	$ 194,693
Company C	〃	83,194
Company S	〃	32,836
Others (Note)	〃	286,035
		$ 596,758

Note: The amount of individual client included in others does not exceed 5% of the account balance.

STATEMENT 11

DESICCANT TECHNOLOGY CORPORATION

STATEMENT OF NOTES AND TRADE PAYABLES
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Client Name	Description	Amount
Notes payable		
Company J	Construction projects	$ 24,792
Company K	Construction projects	18,850
Company L	Purchase of goods	13,440
Company M	Purchases of goods	11,381
Company N	Construction projects	9,354
Others (Note)	Construction projects/purchase of goods	84,454
		$ 162,271
Trade payables to non-related parties		
Company O	Purchase of goods	$ 13,540
Company P	Construction projects	10,154
Company Q	Purchase of goods	9,365
Company L	Construction projects	8,461
Company M	Purchase of goods	7,998
Company J	Construction projects	6,321
Company R	Construction projects	6,300
Others (Note)	Construction projects/purchase of goods	59,182
		$ 121,321
Trade payables to related parties		
Desiccant Technology (Shanghai) Corporation	Purchase of goods	$ 455

Note: The amount of individual vendor included in others does not exceed 5% of the account balance.

STATEMENT 12

DESICCANT TECHNOLOGY CORPORATION

STATEMENT OF OPERATING REVENUES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Description	Amount
Operating revenues	Revenue from the sale of goods	$ 43,063
	Construction revenue	1,521,297
	Revenue from repair and maintenance services	226,512
		$ 1,790,872

DESICCANT TECHNOLOGY CORPORATION

STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Amount
Raw materials used	
Raw materials, beginning of the year	$ 103,280
Raw material purchased	393,028
Raw materials, end of the year	(102,630)
Transferred to construction projects	(180,662)
Sold of raw material	(12,048)
	200,968
Direct labor	24,009
Manufacturing expenses	65,126
Less: Transferred to operating expenses	(39)
Less: Transferred to cost of construction projects	(9,416)
Manufacturing cost	280,648
Work in process, beginning of year	82,089
Work in process purchased	10,257
Work in process, end of year	(58,103)
Transferred to construction projects	(1,135)
Sold of work in process	(3,372)
Cost of finished goods	310,384
Finished goods, beginning of year	111,512
Transferred to construction projects	(402,079)
Finished goods, end of year	(12,364)
Cost of goods sold	7,453
Sold of raw material	12,048
Write-down of inventories	2,667
Sold of work in process	3,372
Scrapped	(369)
Reversal of unused provisions recognized for warranties	(136)
	25,035
Construction projects’ materials	1,198,643
Construction projects’ labor costs	81,180
Construction projects’ expenses	44,420
Provisions recognized for warranties	2,406
Reversal of unused balance of onerous project contracts	(1,081)
	$ 1,350,603

DESICCANT TECHNOLOGY CORPORATION

STATEMENT OF OPERATING EXPENSES
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Selling and Marketing Expenses	General and Administrative Expenses	Research and Development Expenses	Expected Credit Gain
Payroll expense	$ 5,132	$ 47,947	$ 26,454	$ -
Insurance expense	560	2,255	2,114	-
Import and export charges	1,050	-	-	-
Amortization expense	-	5,697	24	-
Labor fee	16	6,111	3,488	-
Research project	-	-	15,171	-
Expected credit gain	-	-	-	31
Others (Note)	459	12,985	10,083	-
	$ 7,217	$ 74,995	$ 57,334	$ 31

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

DESICCANT TECHNOLOGY CORPORATION

STATEMENT OF EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION EXPENSES BY FUNCTION
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023			2022		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Labor cost						
Salary	$ 83,945	$ 71,021	$ 154,966	$ 89,313	$ 66,539	$ 155,852
Labor and health insurance	9,708	4,689	14,397	9,494	3,918	13,412
Pension	3,767	2,363	6,130	3,817	2,009	5,826
Remuneration of directors	-	6,150	6,150	-	5,974	5,974
Others	6,366	2,080	8,446	6,426	2,076	8,502
	$ 103,786	$ 86,303	$ 190,089	$ 109,050	$ 80,516	$ 189,566
Depreciation expense	$ 12,775	$ 4,329	$ 17,104	$ 13,483	$ 4,525	$ 18,008
Amortization expense	$ -	$ 5,721	$ 5,721	$ -	$ 6,103	$ 6,103

Note 1: On December 31, 2023 and 2022, the number of employees of the Company was 197 and 195 with 4 non-employee directors, respectively, which is consistent with the calculation basis of labor costs.

Note 2: Companies with shares issued by Taiwan Stock Exchange Corporation or Taipei Exchange should disclose the following information:

a. Average labor costs for the years ended December 31, 2023 and 2022 were $953 thousand and $961 thousand, respectively.

b. Average salaries for the years ended December 31, 2023 and 2022 were $803 thousand and $816 thousand, respectively.

c. Average salaries decreased by 1.59% compared to previous year.

d. The Company did not have supervisors. The supervisors have been replaced by the audit committee.

e. The Company’s compensation policies:

1) Remuneration for directors:

According to the Company’s Articles, the Company accrues remuneration of directors at rates of no higher than 3% of net profit before income tax, compensation of employees, and remuneration of directors and supervisors. The remuneration shall be resolved by the remuneration committee according to the policy of directors and managers’ performance evaluation and compensation.

2) Remuneration for general manager and managers:

According to the Company’s Articles and financial performance, the total compensation paid to the executive officers is decided based on industry practice in the R.O.C., industry characteristic, their job responsibility, individual goal achievement, time invested in the professional area, job performance, and others. It shall be reviewed for the reasonableness of the relationship between individual performance, the Company’s performance and projected future risks the Company will face, then submitted to the board of directors for approval.

(Continued)

3) Compensation for employees:

a) Salary payment is made with references to the salary market, the Company's performance, and the organization structure. It is adjusted depending on the market salary changes, overall economy, industry economic changes and any necessary adjustments by government regulations.

b) The salary and compensation of an employee are determined based on his/her educational background and experience, professional knowledge and skills, years of service, and personal performance. To maintain the competitiveness of our the Company's compensation, the Company will periodically revise the salary standards based on employment market conditions and supply and demand of manpower.

c) To retain talented individual, the Company will determine the bonuses based on the Company's performance, individual performance, and employee's contribution to Company.

d) According to the Company's 20th Article, the Company accrues compensation of employees at rates of no less than 1% of net profit before income tax, compensation of employees, and remuneration of directors and supervisors. However, when the Company has accrued losses, the profit shall be set aside to cover the losses first.

e) Employee compensation includes fixed monthly salaries and variable bonuses to motivate employee performance. According to the Company comprehensive operational performance goals, variable bonuses are awarded based on individual employee performance. Additionally, year-end bonuses and compensation of employees are provided based on the profitability of the Company.

(Concluded)