

Desiccant Technology Co., Ltd.
2024 Annual General Meeting Minutes

Time: Friday, June 7, 2024 at 10:00 AM

Location: 17F., No. 88, Jhongshan Rd., Jhongli Dist., Taoyuan City (Main Conference Room)

Attendants: The company has issued 34,800,000 shares. The number of shares present, including those represented by proxies, totals 20,475,852, accounting for 58.83% of the issued shares. This meets the legal attendance requirement.

Board Members Present : SHIH-CHIH, CHENG 、 HSIN-HUAN, CHENG 、 LUN-CHING, CHENG 、 MING-CHU, LEE LAI 、 JUNG-MING, CHANG 、 JUNG-SHENG, HSIUE 、 ZI-HONG, GUO 。

Attendee: LI-HUNANG LI, CPA from Deloitte Taiwan.

Chairperson : SHIH-CHIH, CHENG, Chairman

Minute Recorder : YI-SHIUAN, LU

1. Commencement: The number of shares represented in the meeting has reached the quorum required by the Company Act, and the chairman declares the meeting open following the law.
2. Chairman's Address (omitted)
3. Report Items
 - (1). The Company's 2023 operating report
The Company's operating report for 2023 is presented for public inspection. Please refer to Attachment 1 of this handbook for the 2023 Company's operating report.
 - (2). 2023 audit Committee's review of the financial statements and reports
The Audit Committee's audit report on the financial statements for 2023 is presented for public inspection. Please refer to Attachment 2 of this handbook for the Company's Audit Committee audit report for 2023
 - (3). Proposal for employee compensation and director's remuneration distribution for 2023.
The Company's profit distribution plan for employee compensation and

director remuneration 2023 is presented for public inspection. Following the provisions of the company's articles of association and the profitability for 2023, NT\$414,984,230 from the pre-tax net profit, which is not included in employee compensation and director remuneration, is allocated as follows, and the entire amount will be distributed in cash.

Unit : NT\$

Type	Provision Ratio	Provision Amount
Employee compensation	6.0%	24,899,054
Director remuneration	1.2%	4,979,811
Total		29,878,865

- (4). Performance evaluation results and compensation report for directors and executives.

The individual performance evaluation results of the company's directors and managers, along with the details and amounts of individual salary compensation and the relevance and reasonableness of the performance evaluation results, all comply with the "Performance Evaluation and Salary Compensation Policy for Directors and Managers."

- (5). Amendments to specific "Board Meeting Rules" articles.

The proposed amendment to the company's "Board Meeting Rules" articles is presented for public inspection. The Financial Supervisory Commission's letter No. 1120383996, issued on January 11, 2024, amended these articles. Please refer to Attachment 3 of this manual to compare the amended articles before and after the revisions.

4. Approval Items

- (1). Approval of the operating report and financial statements for 2023(Proposed by the Board of Directors)

The financial statements for 2023, including the balance sheet, income statement, statement of changes in equity, and statement of cash flows, have been audited by the accounting firm Deloitte & Touche, certified public accountants Ms. Li-huang and Mr. Guo Nai-hua. The business report and profit distribution table have been submitted to the Audit Committee for review and approval. Please refer to Attachment 1~2, Attachment 4, and Attachment 6 of this manual. It is now proposed for approval at this shareholder meeting.

Resolution: Approved and acknowledged as proposed by the Board of

Directors.

Voting Result: 20,475,852 shares were represented at the time of voting
(including 928,453 shares voted via electronic transmission)

Voting Results	%of the total representation at the time of voting
Votes in favor: 20,165,043 votes (including 912,318 shares voted via electronic transmission)	98.48%
Votes against: 1,056 votes (including 1,056 shares voted via electronic transmission)	-%
Votes abstained: 309,753 votes (including 15,079 shares voted via electronic transmission)	1.51%

(2). Proposal for profit distribution for 2023

- 1) The Company's profit distribution plan 2023 is presented for public inspection. According to the Company's articles of association, the Board of Directors is authorized to decide on the distribution of cash dividends.
- 2) For this profit distribution, the company plans to distribute cash dividends of NT\$4.5 per share to shareholders and stock dividends of NT\$1.0 per share based on the proportion of shares held by shareholders as recorded in the shareholders' register on the record date.
- 3) Any fractional cash dividends less than one New Taiwan Dollar will be recorded as other company income.
- 4) The ex-dividend date and the dividend payment date are proposed to be determined by the Board of Directors with authorization from the shareholders' meeting.
- 5) For the profit distribution table, Please refer to Attachment 4 of this handbook.

Resolution: Approved and acknowledged as proposed by the Board of
Directors.

Voting Result: 20,475,852 shares were represented at the time of voting
(including 928,453 shares voted via electronic transmission)

Voting Results	%of the total representation at the time of voting
Votes in favor: 20,173,322 votes (including 920,597 shares voted via electronic transmission)	98.52%
Votes against: 2,777 votes (including 2,777 shares voted via electronic transmission)	0.01%
Votes abstained: 299,753 votes (including 5,079 shares voted via electronic transmission)	1.46%

5. Discussion Items

(1). Partial Amendment Proposal to the "Shareholders' Meeting Rules." (Proposed by the Board of Directors)

According to letter No. 1120004167 issued by the Financial Supervisory Commission on March 17, 2023, amendments have been made to specific articles, along with a comparative table of the amended articles. For details, please refer to Attachment 5 of this manual.

Resolution: Approved and acknowledged as proposed by the Board of Directors.

Voting Result: 20,475,852 shares were represented at the time of voting
(including 928,453 shares voted via electronic transmission)

Voting Results	%of the total representation at the time of voting
Votes in favor: 20,171,322 votes (including 918,597 shares voted via electronic transmission)	98.51%
Votes against: 2,777 votes (including 2,777 shares voted via electronic transmission)	0.01%
Votes abstained: 301,753 votes (including 7,079 shares voted via electronic transmission)	1.47%

(2). Proposal for Capital Increase through Retained Earnings and Issuance of New Shares by the Company (Proposed by the Board of Directors)

- 1) The company proposes to increase its capital by issuing new shares using the distributable dividends for the fiscal year 2023, amounting

to NT\$34,800,000, divided into 3,480,000 shares, with a par value of NT\$10 per share. Shareholders will receive 100 shares for every 1,000 held, based on the shareholding proportion recorded in the shareholders' register on the allocation reference date. Shareholders with fractional shares of less than one whole share may purchase additional shares to make up the difference within five days from the ex-rights date. Any remaining fractional shares not covered by shareholders will be rounded down to the nearest whole unit and converted into cash (rounding down to the nearest whole unit). The Chairman can negotiate with individuals to purchase fractional shares at face value.

- 2) It is proposed that the Board of Directors set a new allocation reference date and capital increase reference date after obtaining approval from the competent authority for this capital increase proposal.
- 3) Subsequently, if the outstanding shares change due to changes in the share capital that affect the shareholders' allocation rate and require adjustments, the Board of Directors is proposed to be authorized to handle them with full authority.
- 4) If any amendments or revisions to the matters mentioned above are approved by the competent authority or necessitated by factual circumstances, the Board of Directors is proposed to be authorized to handle them with full authority.
- 5) The rights and obligations of the newly issued ordinary shares in this offering are identical to those of the original shares.

Resolution: Approved and acknowledged as proposed by the Board of Directors.

Voting Result: 20,475,852 shares were represented at the time of voting (including 928,453 shares voted via electronic transmission)

Voting Results	%of the total representation at the time of voting
Votes in favor: 20,173,043 votes (including 920,318 shares voted via electronic transmission)	98.52%
Votes against: 1,056 votes (including 1,056 shares voted via electronic transmission)	-%

Votes abstained: 301,753votes (including 7,079shares voted via electronic transmission)	1.47%
--	-------

6. Extraordinary Motions : None

7. Adjournment: The meeting ended at 10:32 am

There were no questions from shareholders at this shareholders' meeting.

(Note: The minutes of this shareholders' meeting only summarize the key points of the meeting and the results of the resolutions; the detailed proceedings, procedures, and shareholder speeches are based on the meeting's audio and video recordings.)

【Attachments 1】 Business Report for 2023

Desiccant Technology Co., Ltd. Annual Report for the Year 2023

Dear Shareholders,

We are pleased to report that our company achieved a consolidated operating revenue of NTD 2,090,028 thousand for 2023, representing an increase of 3.69% compared to 2022. Our consolidated net profit after tax reached NTD 305,145 thousand, marking a growth of 26.11% from the previous year—earnings per share after tax amounted to NTD 9.75. In recognition of this performance, we are pleased to announce a cash dividend of NTD 4.5 per share and a stock dividend of NTD 1.0 per share.

Despite the formidable challenges of the Ukraine-Russia conflict and inflation, our company's resilience shone through. The semiconductor industry, grappling with inventory adjustment challenges due to the uncertainty of global supply chains, saw steady demand for chips driven by the subsequent demand for high-speed computing and artificial intelligence applications. We deftly optimized our product portfolio and enhanced cost competitiveness to weather the impact of the external environment on revenue. Thanks to the unwavering efforts of our team, we not only survived but thrived, achieving significant growth in profitability in 2023.

In January 2023, the Legislative Yuan passed the Climate Change Adaptation Act, officially incorporating the "Net Zero Emissions by 2050" goal into law. This act demonstrates the government's commitment to achieving net zero emissions. It encourages businesses to balance their operations with environmental considerations. Two major semiconductor foundries have joined the RE100 global renewable energy initiative, aiming to achieve net zero emissions by 2040-2050 and inviting suppliers to set carbon reduction targets.

At the heart of our operations lies a steadfast commitment to sustainable development (ESG) and corporate social responsibility. The global aspiration to reduce carbon dioxide emissions is a shared goal of humanity, and we are proud to be part of this collective effort. To synchronize with international environmental protection efforts and protect and improve the environment for human survival on Earth, we collaborate with overseas professional companies, domestic research and development institutions, and academic units to develop relevant equipment and systems to meet the increasing market demands.

Environmental micro-pollution in the semiconductor industry is crucial for quality and yield. Therefore, we actively invest in research and development to continuously optimize and innovate our existing VOC control systems. Additionally, we plan to explore the possibility of introducing fuel cell technology from the Industrial Technology Research Institute and collaborate with Chung Yuan Christian University to develop gasification furnace systems (green hydrogen) and independently research and develop nano-level Chemical Filter systems, thereby enhancing the breadth of our company's applications in the field of energy and environmental air treatment systems.

Finally, we thank all shareholders for their unwavering support in helping us achieve our goals. Your support and recognition are invaluable to us, and we look forward to continuing this journey together.

Best wishes to all shareholders for good health and prosperity.

Chairman: SHIH-CHIH, CHENG

Annual Business Report for the Year 2023 (Consolidated)

I 、Implementation Results of Business Plan

Unit: Thousand New Taiwan Dollars

Item	2023		2022		Change	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Revenue	2,090,028	100	2,015,734	100	74,294	3.69%
Gross Porfit	517,433	25	410,997	20	106,436	25.90%
Operating Profit	356,394	17	249,991	12	106,403	42.56%
Pre-tax Net Profit	393,197	19	299,864	15	93,333	31.13%

II 、Financial Revenue and Profitability Analysis：

The company's financial revenue and expense situation for 2023 was good, with earnings per share of 9.75 NT dollars. The profitability analysis is as follows:

Analysis Item \ Year			2023
Financial Structure (%)	Debt-to-Asset Ratio	A	47.26
	Long-Term Funds to Fixed Assets Ratio	B	399.96
Debt Payment Ability	Current Ratio (%)	C	182.87
	Quick Ratio (%)	D	167.64
	Interest Coverage Ratio (Times)	E	3,511.69
Profitability	Return on Assets (%)	F	12.12
	Return on Equity (%)	G	25.63
	Pain-in Capital Ratio (%)	Operation Profit Ratio	102.41
		Pre-tax Net Profit Ratio	112.99
	Net profit margin (%)		14.60
	Basic Earning per Share (NTD)		9.75

Chair Man：

Manager：

Lead Accountant

【Attachments 2】 Audit Committee Review Report

Audit Committee Review Report

The Board of Directors has prepared the Company's financial statements for 2023, including the business report, financial statements, and profit distribution proposal. The financial statements were audited and certified by Lee Li-Huang and Kuo Nai-Hua, Certified Public Accountants of Deloitte & Touche, LLP, as commissioned by the Board of Directors.

Our Audit Committee has reviewed the business report, financial statements, and profit distribution proposal, and no discrepancies were found. Therefore, we submit this report according to Articles 14-4 of the Securities Exchange Act and Article 219 of the Company Act.

Chairperson of the Audit Committee: Zhang Rong Ming

March 13, 2024

**【 Attachments 3 】 Board Meeting Rules Amendment Comparison
Table**

Desiccant Technology Co., Ltd.

Board Meeting Rules Amendment Comparison Table

Original		Amendment		Note
Articles	Content	Articles	Content	
8	8.3 If half of the directors are absent from the meeting time, the chairman may announce a postponement of the meeting.	8	8.3 If half of the directors are absent from the meeting time, the chairman may announce a postponement of the meeting on the same day.	According to the Financial Supervisory Commission's letter with reference number 1120393996
10	<p>10.1 The agenda for board meetings should be followed according to the meeting notice, but the chairman may change it with the consent of more than half of the attending directors.</p> <p>10.2 The chairman may not adjourn the meeting before the scheduled agenda (including ad-hoc motions) is completed unless more than half of the attending directors agree.</p> <p>10.3 If less than half of the attending directors are present at the meeting, the chairman should announce a temporary adjournment of the meeting if proposed by an attending director, and Article 8, item 3 of these meeting rules shall apply.</p>	10	<p>10.1 The agenda for board meetings should be followed according to the meeting notice, but the chairman may change it with the consent of more than half of the attending directors.</p> <p>10.2 The chairman may not adjourn the meeting before the scheduled agenda (including ad-hoc motions) is completed unless more than half of the attending directors agree.</p> <p>10.3 If less than half of the attending directors are present at the meeting, the chairman should announce a temporary adjournment if proposed by an attending director, and Article 8, item 3 of these meeting rules shall apply.</p> <p><u>10.4 During the proceedings of a board meeting, if the chairperson is unable to preside over the meeting due to unforeseen circumstances or fails to announce the adjournment in accordance with the provisions of the second paragraph of this article, the appointment of a proxy shall be conducted in accordance with the provisions of Article 10, Paragraph 3 of these Rules of Procedure.</u></p>	According to the Financial Supervisory Commission's letter with reference number 1120393996

【 Attachments 4 】 2023 Earnings Distribution Chart

Desiccant Technology Co.,Ltd. PROFIT DISTRIBUTION TABLE YEAR 2023

		(Unit : NTD \$)
Items	Total	Note
Beginning retained earnings	377,425,186	
Add:Actuarial Gain (Loss) on Defined Benefit Plans	235,781	A
Adjusted un-appropriated retained earnings	377,660,967	
Add: net profit after tax	305,144,551	B
Less: Special reserves	(2,947,805)	
10% legal reserve	(30,538,033)	C=(A+B)*10%
Distributable net profit	649,319,680	
Distributable items:		
Cash Dividends to Shareholders	(156,600,000)	NT\$ 4.5 per share
Stock Dividends to Shareholders	(34,800,000)	NT\$ 1.0 per share
Un-appropriated retained earnings after distribution	457,919,680	

Chair Man :

Manager :

Lead Accountant

【Attachments 5】 Rules of the shareholders' meeting Amendment Comparison Table

Desiccant Technology Co., Ltd.

Rules of the shareholders' meeting Amendment Comparison Table

Original		Amendment		Note
Articles	Contents	Articles	Contents	
2	2.1 The company's shareholders' meeting shall be convened by the board of directors unless otherwise provided by laws or the articles of incorporation.	2	2.1 The company's shareholders' meeting shall be convened by the board of directors unless otherwise provided by laws or the articles of incorporation. <u>The company convenes a video conference for shareholders' meetings. Unless otherwise specified in the Regulations Governing the Administration of Stock Affairs of Public Companies and stipulated in the articles of incorporation, such meetings should be explicitly stated in the articles of incorporation and resolved by the board of directors. Resolutions for video conferences of shareholders should be implemented based on the approval of two-thirds or more of the attending directors and the agreement of more than half of the attending directors.</u>	1. This content is newly added. 2. Holding shareholder meetings via video conference shall be subject to a special resolution.
5		5	5.9.3 For <u>virtual shareholders' meetings, appropriate alternative measures shall be provided for shareholders who face difficulties participating through virtual means. Except in the situations specified in Article 44-9, Paragraph 6 of the Guidelines for Handling Corporate Stock Affairs of Publicly Issued Companies, the company shall provide at least the necessary shareholder connection equipment and assistance. It shall also specify the period during which shareholders may apply to the company and other relevant matters that require attention.</u>	1. This content is newly added. 2. Holding shareholder meetings via video conference requires providing shareholders with necessary assistance.
21	When the company convenes a video conference shareholders' meeting, appropriate alternative measures should be provided for shareholders who encounter difficulties in attending the meeting via video conference.	21	When the company convenes a video conference shareholders' meeting, appropriate alternative measures should be provided for shareholders who encounter difficulties attending. <u>In addition to the situations specified in Article 44-9, Paragraph 6 of the Guidelines for Handling Corporate Stock Affairs of Publicly Issued Companies, the company shall provide at least shareholder connection equipment and necessary assistance. It shall also specify the period during which shareholders may apply to the company and other relevant matters that require attention.</u>	1. This content is newly added. 2. Holding shareholder meetings via video conference requires providing shareholders with necessary assistance.

【 Attachments 6 】 Independent Auditors' Report, Financial Statements for 2023

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Desiccant Technology Corporation

Opinion

We have audited the accompanying consolidated financial statements of Desiccant Technology Corporation and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matter

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

the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

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

Construction Revenue Recognition

The Group mainly engages in the design, engineering and installation of systems. The revenue of the Group's constructions 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 and 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, or leading to a significant impacts 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 over estimating total construction cost.
2. We selected samples and performed tests of details to verify the reasonableness of the estimated total construction cost.

Other Matter

We have also audited the parent company only financial statements of Desiccant Technology Corporation as of and for the years ended December 31, 2023 and 2022 on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 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.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 14, 2024

Notice to Readers

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

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

DESICCANT TECHNOLOGY CORPORATION

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 1,162,953	42	\$ 772,617	34
Financial assets at fair value through profit or loss - current (Notes 7 and 32)	224,069	8	75,252	3
Financial assets at amortized cost - current (Notes 9 and 34)	1,819	-	1,800	-
Contract assets - current (Note 24)	313,010	11	268,040	12
Notes receivable (Notes 10 and 24)	12,170	1	7,811	-
Trade receivables (Notes 10 and 24)	398,574	15	358,061	16
Other receivables (Note 10)	1,724	-	1,363	-
Current tax assets (Note 26)	-	-	10	-
Inventories (Note 11)	165,749	6	292,135	13
Prepayments (Note 17)	26,327	1	68,044	3
Other current financial assets (Notes 17 and 34)	-	-	10,172	-
Total current assets	2,306,395	84	1,855,305	81
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 8 and 32)	423	-	423	-
Contract assets - non-current (Note 24)	19,761	1	76	-
Property, plant and equipment (Notes 13 and 34)	374,163	14	357,962	16
Investment properties (Note 15)	39,784	1	43,850	2
Other intangible assets (Note 16)	2,820	-	8,370	-
Deferred tax assets (Note 26)	11,586	-	10,455	1
Refundable deposits (Notes 17 and 33)	2,809	-	1,775	-
Total non-current assets	451,346	16	422,911	19
TOTAL	\$ 2,757,741	100	\$ 2,278,216	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 18 and 34)	\$ 21,633	1	\$ 36,844	2
Contract liabilities - current (Note 24)	746,908	27	733,528	32
Notes payable (Note 19)	162,271	6	256,394	11
Trade payables (Note 19)	152,222	5	125,931	5
Other payables (Note 20)	103,120	4	107,479	5
Current tax liabilities (Note 26)	51,620	2	36,512	2
Provisions - current (Note 21)	21,877	1	21,288	1
Other current liabilities (Note 20)	1,593	-	1,200	-
Total current liabilities	1,261,244	46	1,319,176	58
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Note 26)	28,149	1	17,618	1
Net defined benefit liabilities - non-current (Note 22)	13,809	-	14,097	-
Other non-current liabilities (Note 20)	144	-	430	-
Total non-current liabilities	42,102	1	32,145	1
Total liabilities	1,303,346	47	1,351,321	59
EQUITY (Notes 23 and 28)				
Ordinary shares	348,000	13	308,000	14
Capital surplus	335,473	12	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	25	492,923	21
Total retained earnings	791,909	29	578,928	25
Other Equity	(20,987)	(1)	(18,039)	(1)
Total equity	1,454,395	53	926,895	41
TOTAL	\$ 2,757,741	100	\$ 2,278,216	100

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

DESICCANT TECHNOLOGY CORPORATION

CONSOLIDATED 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 (Note 24)				
Sales	\$ 32,439	2	\$ 38,950	2
Construction revenue	1,805,804	86	1,679,038	83
Repair and maintenance service	<u>251,785</u>	<u>12</u>	<u>297,746</u>	<u>15</u>
Total operating revenue	<u>2,090,028</u>	<u>100</u>	<u>2,015,734</u>	<u>100</u>
OPERATING COSTS (Notes 11 and 25)				
Cost of sales	(20,134)	(1)	(18,285)	(1)
Construction costs	(1,424,401)	(68)	(1,435,040)	(71)
Repair and maintenance costs	<u>(128,060)</u>	<u>(6)</u>	<u>(151,412)</u>	<u>(8)</u>
Total operating costs	<u>(1,572,595)</u>	<u>(75)</u>	<u>(1,604,737)</u>	<u>(80)</u>
GROSS PROFIT	<u>517,433</u>	<u>25</u>	<u>410,997</u>	<u>20</u>
OPERATING EXPENSES (Notes 25 and 33)				
Selling and marketing expenses	(7,217)	-	(12,257)	(1)
General and administrative expenses	(87,231)	(4)	(82,283)	(4)
Research and development expenses	(70,417)	(4)	(66,478)	(3)
Expected credit gain (Notes 10 and 24)	<u>3,826</u>	<u>-</u>	<u>12</u>	<u>-</u>
Total operating expenses	<u>(161,039)</u>	<u>(8)</u>	<u>(161,006)</u>	<u>(8)</u>
PROFIT FROM OPERATIONS	<u>356,394</u>	<u>17</u>	<u>249,991</u>	<u>12</u>
NON-OPERATING INCOME AND EXPENSES (Notes 25, 29 and 33)				
Interest income	14,974	1	4,081	1
Other income	1,890	-	3,438	-
Other gains and losses	20,051	1	42,420	2
Finance costs	<u>(112)</u>	<u>-</u>	<u>(66)</u>	<u>-</u>
Total non-operating income and expenses	<u>36,803</u>	<u>2</u>	<u>49,873</u>	<u>3</u>
PROFIT BEFORE INCOME TAX	393,197	19	299,864	15
INCOME TAX EXPENSE (Note 26)	<u>(88,052)</u>	<u>(5)</u>	<u>(57,895)</u>	<u>(3)</u>
NET PROFIT	<u>305,145</u>	<u>14</u>	<u>241,969</u>	<u>12</u>

(Continued)

DESICCANT TECHNOLOGY CORPORATION

CONSOLIDATED 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)	-
	<u>236</u>	-	<u>2,818</u>	-
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)	-
	<u>(2,948)</u>	-	<u>1,380</u>	-
Other comprehensive income, net of income tax	<u>(2,712)</u>	-	<u>4,198</u>	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 302,433</u>	<u>14</u>	<u>\$ 246,167</u>	<u>12</u>
EARNINGS PER SHARE (Note 27)				
From continuing and discontinued operations				
Basic	<u>\$ 9.75</u>		<u>\$ 7.90</u>	
Diluted	<u>\$ 9.67</u>		<u>\$ 7.82</u>	

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

DESICCANT TECHNOLOGY CORPORATION

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

			Retained Earnings			Other Equity Exchange Differences on Translation of the Financial Statements of Foreign Operations	Total Equity
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings		
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)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,818</u>	<u>1,380</u>	<u>4,198</u>
Total comprehensive income for the year ended December 31, 2022	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>244,787</u>	<u>1,380</u>	<u>246,167</u>
Other changes in capital surplus	<u>-</u>	<u>16</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16</u>
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)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>236</u>	<u>(2,948)</u>	<u>(2,712)</u>
Total comprehensive income for the year ended December 31, 2023	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>305,381</u>	<u>(2,948)</u>	<u>302,433</u>
BALANCE, DECEMBER 31, 2023	<u>\$ 348,000</u>	<u>\$ 335,473</u>	<u>\$ 91,066</u>	<u>\$ 18,038</u>	<u>\$ 682,805</u>	<u>\$ (20,987)</u>	<u>\$ 1,454,395</u>

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

DESICCANT TECHNOLOGY CORPORATION

CONSOLIDATED 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	\$ 393,197	\$ 299,864
Adjustments for:		
Depreciation expense	20,750	21,991
Amortization expense	5,721	6,103
Expected credit loss reversed	(3,826)	(12)
Net gain on fair value changes of financial assets at fair value through profit or loss	(1,832)	(206)
Finance costs	112	66
Interest income	(14,974)	(4,081)
Dividend income	(76)	-
Share-based payments	4,364	-
Gain on disposal of property, plant and equipment	(48)	(2)
Write-down of inventories	2,667	-
Reversal of write-down of inventories	-	(2,048)
Changes in operating assets and liabilities		
Contract assets	(62,756)	(65,471)
Notes receivable	(4,359)	4,105
Trade receivables	(38,422)	(26,947)
Other receivables	(273)	(769)
Inventories	123,571	(101,163)
Prepayments	41,717	(34,650)
Contract liabilities	13,380	302,429
Notes payable	(94,123)	73,724
Trade payables	26,291	2,798
Other payables	(3,585)	31,917
Provisions	589	4,103
Other current liabilities	393	34
Net defined benefit liabilities	7	352
Cash generated from operations	408,485	512,137
Interest received	14,886	3,076
Interest paid	(119)	(59)
Income tax paid	(62,856)	(44,021)
Net cash generated from operating activities	360,396	471,133
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)
Proceeds from sale of financial assets at fair value through profit or loss	1,015	-
Payments for property, plant and equipment	(34,189)	(7,560)
Proceeds from disposal of property, plant and equipment	48	2
Increase in refundable deposits	(1,034)	-

(Continued)

DESICCANT TECHNOLOGY CORPORATION

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

	2023	2022
Decrease in refundable deposits	\$ -	\$ 378
Payments for intangible assets	(171)	(198)
Decrease in other financial assets	10,172	4,087
Other dividends received	<u>76</u>	<u>-</u>
Net cash used in investing activities	<u>(172,102)</u>	<u>(34,288)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term borrowings	(15,211)	(34,914)
Increase in guarantee deposits received	-	85
Decrease in guarantee deposits received	(286)	-
Dividends paid to owners of the Company	(92,400)	(42,000)
Proceeds from issuance of ordinary shares	313,103	60,000
Imposition of disgorgement	<u>-</u>	<u>16</u>
Net cash generated from/(used in) financing activities	<u>205,206</u>	<u>(16,813)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(3,164)</u>	<u>1,440</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	390,336	421,472
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>772,617</u>	<u>351,145</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,162,953</u>	<u>\$ 772,617</u>

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

(Concluded)

REPRESENTATION LETTER

The entities that are required to be included in the combined financial statements of Desiccant Technology Corporation as of and for the year ended December 31, 2023, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, "Consolidated Financial Statements". In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Desiccant Technology Corporation and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

DESICCANT TECHNOLOGY CORPORATION

By

CHENG, SHIH-CHIH
Chairman

March 13, 2024

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Desiccant Technology Corporation

Opinion

We have audited the accompanying consolidated financial statements of Desiccant Technology Corporation and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matter

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. The matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

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

Construction Revenue Recognition

The Group mainly engages in the design, engineering and installation of systems. The revenue of the Group's constructions 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 and 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, or leading to a significant impacts 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 over estimating total construction cost.
2. We selected samples and performed tests of details to verify the reasonableness of the estimated total construction cost.

Other Matter

We have also audited the parent company only financial statements of Desiccant Technology Corporation as of and for the years ended December 31, 2023 and 2022 on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued

into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 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.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 14, 2024

Notice to Readers

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

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

DESICCANT TECHNOLOGY CORPORATION

BALANCE SHEETS

DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	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	<u>226,512</u>	<u>13</u>	<u>240,283</u>	<u>13</u>
Total operating revenue	<u>1,790,872</u>	<u>100</u>	<u>1,800,358</u>	<u>100</u>
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	<u>(111,131)</u>	<u>(6)</u>	<u>(119,741)</u>	<u>(6)</u>
Total operating costs	<u>(1,350,603)</u>	<u>(75)</u>	<u>(1,444,988)</u>	<u>(80)</u>
GROSS PROFIT	<u>440,269</u>	<u>25</u>	<u>355,370</u>	<u>20</u>
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)	<u>31</u>	<u>-</u>	<u>1,409</u>	<u>-</u>
Total operating expenses	<u>(139,515)</u>	<u>(8)</u>	<u>(134,517)</u>	<u>(7)</u>
PROFIT FROM OPERATIONS	<u>300,754</u>	<u>17</u>	<u>220,853</u>	<u>13</u>
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	<u>50,007</u>	<u>3</u>	<u>27,565</u>	<u>2</u>
Total non-operating income and expenses	<u>84,352</u>	<u>4</u>	<u>75,078</u>	<u>4</u>
PROFIT BEFORE INCOME TAX	385,106	21	295,931	17
INCOME TAX EXPENSE (Note 26)	<u>(79,961)</u>	<u>(4)</u>	<u>(53,962)</u>	<u>(3)</u>
NET PROFIT	<u>305,145</u>	<u>17</u>	<u>241,969</u>	<u>14</u>

(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)	-
	<u>236</u>	-	<u>2,818</u>	-
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)	-
	<u>(2,948)</u>	-	<u>1,380</u>	-
Other comprehensive income (loss), net of income tax	<u>(2,712)</u>	-	<u>4,198</u>	-
TOTAL COMPREHENSIVE INCOME	<u>\$ 302,433</u>	<u>17</u>	<u>\$ 246,167</u>	<u>14</u>
EARNINGS PER SHARE (Note 27)				
Basic	<u>\$ 9.75</u>		<u>\$ 7.90</u>	
Diluted	<u>\$ 9.67</u>		<u>\$ 7.82</u>	

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 Exchange Differences on Translation of the Financial Statements of Foreign Operations	Total Equity
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings		
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)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,818</u>	<u>1,380</u>	<u>4,198</u>
Total comprehensive income for the year ended December 31, 2022	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>244,787</u>	<u>1,380</u>	<u>246,167</u>
Other changes in capital surplus	<u>-</u>	<u>16</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16</u>
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)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>236</u>	<u>(2,948)</u>	<u>(2,712)</u>
Total comprehensive income for the year ended December 31, 2023	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>305,381</u>	<u>(2,948)</u>	<u>302,433</u>
BALANCE, DECEMBER 31, 2023	<u>\$ 348,000</u>	<u>\$ 335,473</u>	<u>\$ 91,066</u>	<u>\$ 18,038</u>	<u>\$ 682,805</u>	<u>\$ (20,987)</u>	<u>\$ 1,454,395</u>

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	<u>327,313</u>	<u>422,821</u>
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	-

(Continued)

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	<u>76</u>	<u>-</u>
Net cash used in investing activities	<u>(183,626)</u>	<u>(38,750)</u>
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	<u>-</u>	<u>16</u>
Net cash generated from/(used in) financing activities	<u>205,492</u>	<u>(16,818)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	349,179	367,253
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>606,098</u>	<u>238,845</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 955,277</u>	<u>\$ 606,098</u>

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

(Concluded)